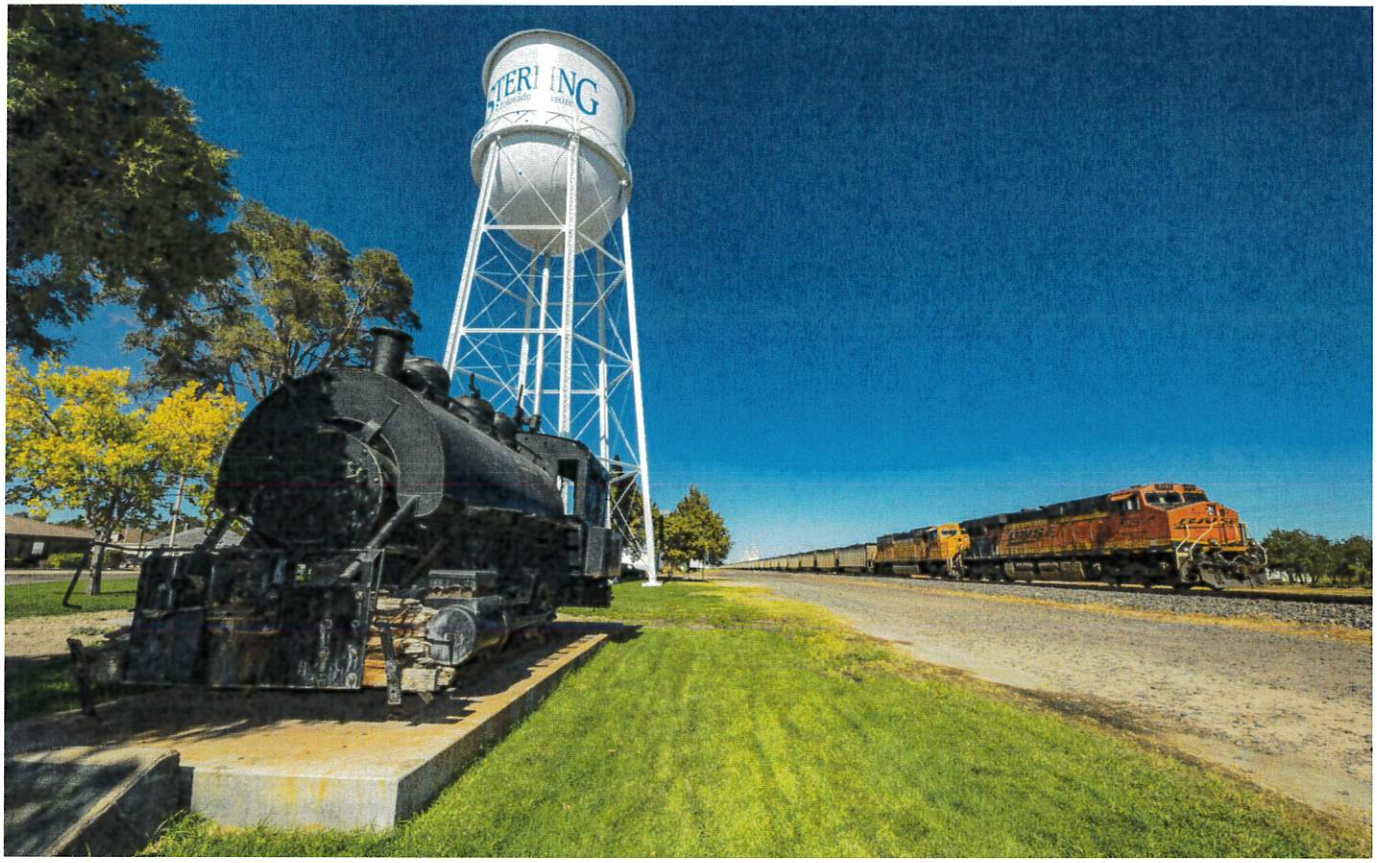
CITY OF STERLING | COLORADO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the year ended December 31, 2025









STERLING
A Colorado Treasure

Cover photos courtesy of Logan County

STERLING
A Colorado Treasure

CITY OF STERLING, COLORADO

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended December 31, 2025

Prepared by

City of Sterling Finance Department

STERLING
A Colorado Treasure

This page intentionally left blank.

CITY OF STERLING, COLORADO

Annual Comprehensive Financial Report
For the fiscal year ended December 31, 2025

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal 1
Certificate of Achievement for Excellence in Financial Reporting 5
City Council and Senior Management 6
Organizational Flow Chart 7

FINANCIAL SECTION

Independent Auditors' Report 9
Management's Discussion and Analysis 12

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position 22
Statement of Activities 26

Fund Financial Statements

Balance Sheet - Governmental Funds 28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 29
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 31
Statement of Net Position - Proprietary Funds 32
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds 36
Statement of Cash Flows - Proprietary Funds 38
Notes to Financial Statements 42

TABLE OF CONTENTS CONTINUED

FINANCIAL SECTION CONTINUED

Required Supplementary Information

Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset) - Fire & Police Statewide Defined Benefit Plan - Police 94
Schedule of City Contributions - Fire & Police Statewide Defined Benefit Plan - Police 96
Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset) - Fire & Police Statewide Defined Benefit Plan - Fire 98
Schedule of City Contributions - Fire & Police Statewide Defined Benefit Plan - Fire 100
Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios - Sterling Volunteer Fire Department Pension Plan 102
Schedule of City Contributions - Sterling Volunteer Fire Department Pension Fund 104
Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios - Sterling Old Hire Fire Pension Fund 106
Schedule of City Contributions - Sterling Old Hire Fire Pension Fund 108
General Fund - Budgetary Comparison Schedule 109
Notes to Required Supplementary Information 110

Other Supplementary Information

General Fund

Budgetary Comparison Schedule - Revenues 116
Budgetary Comparison Schedule - Expenditures 118

Nonmajor Governmental Funds

Combining Balance Sheet 122
Combining Statement of Revenues, Expenditures and Changes in Fund Balance 124
Conservation Trust Fund - Budgetary Comparison Schedule 126
Perpetual Care Fund - Budgetary Comparison Schedule 127
Karl Falch Library Fund - Budgetary Comparison Schedule 128
Hotel Tax Fund - Budgetary Comparison Schedule 129
Sunset Memorial Gardens Fund - Budgetary Comparison Schedule 130
Demo Fund - Budgetary Comparison Schedule 131
Capital Improvement Fund - Budgetary Comparison Schedule 132

Enterprise Funds

Water Fund - Budgetary Comparison Schedule 134
Sanitation Fund - Budgetary Comparison Schedule 136
Sewer Fund - Budgetary Comparison Schedule 137

TABLE OF CONTENTS CONTINUED

FINANCIAL SECTION CONTINUED

Internal Service Funds

Combining Statement of Net Position 140
Combining Statement of Revenues, Expenses and Changes in Fund Net Position 142
Combining Statement of Cash Flows 144
Capital Replacement Fund - Budgetary Comparison Schedule 148
Employee Benefits Fund - Budgetary Comparison Schedule 149
Risk Management Fund - Budgetary Comparison Schedule 150
Service Center Fund - Budgetary Comparison Schedule 151

Component Unit

Sterling Urban Renewal Authority - Budget Comparison Schedule 154
Colorado Department of Highways Local Highway Finance 156

STATISTICAL SECTION

Net Position by Component 161
Changes in Net Position 162
Fund Balances of Governmental Funds 164
Changes in Fund Balances of Governmental Funds 165
General Governmental Tax Revenues by Source 166
Property Tax Rate for Direct and Overlapping Governments 167
Assessed Value and Actual Value of Taxable Property 168
Sales Tax Rate for Direct and Overlapping Governments 169
Sales Tax Revenue by Category 170
Legal Debt Margin Information 171
Ratio of Outstanding Debt by Type 172
Direct and Overlapping Governmental Activities Debt 173
Demographic and Economic Statistics 174
Full-time Equivalent Employees by Function 175
Operating Indicators by Function 176
Capital Asset Statistics by Function 177

This page intentionally left blank.

STERLING
A Colorado Treasure

September 28, 2026

To the Honorable Mayor, Members of Council, and Citizens of the City of Sterling, Colorado:

The City of Sterling, Colorado, presents its annual comprehensive financial report for the year ended December 31, 2025. Prepared by the Director of Finance, this report provides a comprehensive view of the City's financial condition.

The City is responsible for the accuracy of the information and the completeness and fairness of its presentation, including all disclosures. To fulfill that responsibility, the City maintains a comprehensive framework of internal control. Because the cost of internal control should not exceed its anticipated benefits, the framework is designed to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement.

Colorado Statutes and the City Charter require the City Council to select a firm of certified public accountants to audit the City's financial statements. Lauer, Szabo and Associates, PC, completed the 2025 audit. Their report on the basic and fund financial statements and other required supplemental schedules appears in the financial section of this report.

Management's discussion and analysis follows the independent auditor's report. It introduces and analyzes the basic financial statements and should be read together with this letter.

PROFILE OF THE GOVERNMENT

Sterling is the county seat of Logan County and the largest city in northeastern Colorado. Interstate 76 and Highways 6, 61, and 138 connect the City with the surrounding region. Colorado Highway 14, which follows Main Street, provides access west toward Fort Collins and the northern Front Range. Sterling is 128 miles from Denver on I-76, approximately 90 minutes from Denver International Airport, and 40 minutes from I-80. Colorado's mountain range is about a two-hour drive away.

Sterling's beginnings as an agricultural community shaped its small-town atmosphere, attractive downtown, friendly neighborhoods, and strong sense of community. Its distance from the rapid growth along the Front Range has helped preserve those qualities while the City has developed services and resources often associated with larger communities.

Agriculture remains an important influence on the area's way of life and economy. Sterling serves as a shopping hub for northeastern Colorado and parts of Kansas and Nebraska.

Incorporated in 1884, Sterling adopted a home rule charter in 1950 and operates under a council/manager form of government. Its seven-member City Council includes a mayor elected at large for a two-year term and six council members elected on a nonpartisan basis from their respective wards. Three council seats are elected every two years, with four-year staggered terms. As the City's legislative body, Council sets policy through ordinances and resolutions and adopts the budget. The City Manager serves as the City's chief executive officer.

The City provides police and fire protection, emergency medical services, streets and other infrastructure, recreation, and water, sewer, and sanitation utilities. The accompanying financial statements include the following services:

- **General Government -** Council, Manager, Finance, Human Resources, Attorney, Information Technology and Municipal Court.
- **Public Safety -** Police, Dispatch, Fire Protection, and Ambulance Service.
- **Parks, Library and Recreation -** Recreational Administration, Parks, Forestry, Cemetery, Recreation Center, Library, Museum and Recreational Programs.
- **Public Works -** Planning and Engineering, Charging Station, Airport, Street, Water Lines, Water Treatment Plant, Sewer, Wastewater, Sanitation and Service Center.

Under the City's Home Rule Charter, the City adopts an annual budget for all funds as its financial plan for the coming year. The budget generally follows generally accepted accounting principles (GAAP), with exceptions for enterprise and internal service funds: depreciation is not budgeted, while capital outlay and debt service are budgeted as operating expenses. Year-end financial reports are converted to comply with GAAP.

The Sterling Urban Renewal Authority (SURA) is included in the City's financial statements as a component unit.

LOCAL ECONOMY

Sterling's economy remained steady in 2025. Sales tax revenue accounted for 52% of General Fund revenue and was 1.5% higher than in 2024. General Fund revenue decreased 2.08% from 2024 to 2025.

The unemployment rate declined from 3.6% in 2024 to 3.5% in 2025.

The City issued 492 building permits in 2025 with an estimated construction value of $5.0 million.

Major employers within Sterling or nearby include the Sterling Correctional Facility, Banner Health, RE-1 Valley School District, Walmart, and Northeastern Junior College. Agriculture, local government, and rail transportation also contribute to the area's economy.

MAJOR INITIATIVES 2025

Under the direction of City Council and the City Manager, City staff worked on a range of projects during 2025 to help make Sterling a desirable place to live and work.

In 2025, the City again secured a DOLA grant for its Waterline Replacement project. That funding allowed it to advertise a project approximately twice the scope for a total of 4,500 linear feet for line replacement.

The City approved a conditional use permit for the construction of 54 affordable multi-family units addressing housing needs in the community.

The intersection at 3rd and Main was reconstructed, adding bulb-out for pedestrian safety and planters to improve the overall appearance of downtown.

Construction began for a new pedestrian bridge, improving access to the river trails and enhancing recreational opportunities in the community.

In partnership with RE-1 Valley School District, the Summer Food Service Program provided nutritious meals and interactive educational activities for youth throughout the summer. The annual Movies in the Park program also expanded with upgraded technology, offering families more opportunities to gather.

LONG TERM FINANCIAL PLANNING

Each year, the City prepares a five-year capital improvement plan to guide maintenance of its facilities, equipment, and infrastructure and keep them in safe operating condition. Dedicated taxes, grants, and reserves fund the plan.

City Council has adopted policies and incentives intended to benefit Sterling over the long term. Many have taken the form of sales tax rebates aimed at attracting new businesses and improving the City's long-term financial position.

Like many Colorado communities, Sterling faces challenges from aging infrastructure and new wastewater treatment regulations. Large amounts of groundwater and stormwater also enter the wastewater system through inflow and infiltration.

The existing wastewater treatment facility is planned for expansion to 3.0 million gallons per day to meet projected wastewater flows through 2040. Preliminary plant design was completed in 2019. The project has three parts: the Headworks, the Force Main, and the Wastewater Treatment Facility. Headworks construction began in 2021 and was completed in 2023. Work on the Force Main began in 2022 and was also completed in 2023. The final part, the Wastewater Treatment Facility, began in October 2024 and is expected to be completed in early 2027.

RELEVANT FINANCIAL POLICIES

During budget preparation, City Council policy requires budgeted fund balance to exceed 10% of projected expenditures. Accordingly, expenditures are budgeted high and revenues are estimated conservatively.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City of Sterling a Certificate of Achievement for Excellence in Financial Reporting for its annual comprehensive financial report for the fiscal year ended December 31, 2024. This was the City's thirty-fifth consecutive year receiving the award. To earn a Certificate of Achievement, a government must publish an easily readable, efficiently organized annual comprehensive financial report that meets generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year. We believe this annual comprehensive financial report continues to meet the program's requirements and are submitting it to GFOA for consideration for another certificate.

We thank the City Council, City staff, and all officials involved in managing and accounting for the City's financial operations. Financial planning, management, and accounting depend on their combined efforts.

Respectfully submitted,

John Sheldon
City Manager

Crystal Holley
Director of Finance

This page intentionally left blank.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sterling
Colorado

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

STERLING
A Colorado Treasure

City of Sterling Colorado
City Council and Senior Management

As of December 31, 2025

City Council

Office	Term expires	Name
Mayor	2027	Mark Fuller
Council Member Ward 1	2029	Kristi Knowles
Council Member Ward 1	2027	Megan Wolf
Council Member Ward 2	2029	John Haynie
Council Member Ward 2	2027	Kellan Raffaeli
Council Member Ward 3	2029	Steve Lively
Council Member Ward 3	2027	Dean Haynes

Appointed Officials

Position	Name
City Manager	John Sheldon
Municipal Court Judge	Jay Brammer
City Attorney	Kim Keleher

Department Heads

Position	Name
Director of Public Works	Vacant
Director of Finance/City Clerk	Debra Forbes
Director of Personnel	Kaitlin Mentzel
Director of Parks, Library & Recreation	Wade Gandee
Fire Chief	Lavon Ritter
Police Chief	Tyson Kerr
Public Safety Communication Director	Valicia Lybrand

STERLING
A Colorado Treasure

City of Sterling Organization Chart

As of December 31, 2025

CITIZENS OF STERLING

↓

CITY COUNCIL

↓

City Attorney	City Manager	Municipal Judge	Boards, Commissions and Authorities

↓

DEPARTMENTS REPORTING TO THE CITY MANAGER

Police Department	**Fire Department and Ambulance Service**
Sterling Emergency Communications Center	**Human Resources Department**
Finance Department	**City Clerk**
Parks, Library and Recreation Department Library • Museum • Recreation • Parks • Forestry • Cemetery	**Public Works Department** Water • Water Treatment • Sewer • Wastewater • Streets • Sanitation • Airport • Charging Station • Service Center

This page intentionally left blank.

LAUER, SZABO & ASSOCIATES, PC
Certified Public Accountants
205 Main St. • P.O. Box 1886 • Sterling, CO 80751-7886
Phone 970-522-2218 • FAX 970-522-2220

Independent Auditors' Report

To the Honorable Mayor and Members of City Council
City of Sterling
Sterling, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sterling (the City) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note M, the financial statements have been restated to correct material errors in prior-year grants receivable and related revenue recognition.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and historical pension information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board

who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, the local highway finance report and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
July 6, 2026

STERLING
A Colorado Treasure

MANAGEMENT DISCUSSION AND ANALYSIS

As management of the City of Sterling, we offer readers of the City of Sterling's financial statements this narrative overview and analysis of the financial activities of the City of Sterling for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the City's financial statements, which begins on page 21.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources by $107 million at the close of 2025.
- The City has $18 million of unrestricted assets that may be used to meet the City's ongoing obligations to citizens and creditors.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Sterling's basic financial statements. The City of Sterling's basic financial statements are comprised of three components (1) Government-wide financial statements; (2) Fund financial statements; and (3) Notes to the financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements themselves.

Government-Wide financial statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The statement of net position presents information on all of the City of Sterling's assets, deferred outflows, liabilities, and deferred inflows, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Sterling is improving or deteriorating.

The statement of activities presents information showing how the City of Sterling's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused paid time off).

Both of the government-wide financial statements separate the functions of the City of Sterling between those supported by taxes and intergovernmental revenues (government activities) from those that recover all or a significant portion of the costs through user type fees (business type activities). Most of the City's basic services are considered government activities, such as the police, fire, ambulance, dispatch, public works, parks, library, recreation, and general administration. Sales and use tax, property tax, franchise tax, intergovernmental revenue and charges for services finance most of these activities. The City charges fees to customers to recover most of the costs of certain services provided in the business type activities. The City's water, sewer, and sanitation systems are included here.

The government-wide financial statements include not only the City of Sterling itself (known as the primary government), but also a legally separate entity, the Sterling Urban Renewal Authority, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the City itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law; however, City Council has established other funds to help control and manage money for particular purposes (the Perpetual Care Fund) or to show that it is properly using certain revenue (the Conservation Trust Fund). All of the funds of the City of Sterling can be divided into three categories: governmental funds, proprietary funds, or fiduciary funds.

Governmental funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows through these funds and the balances left at the year-end are available for future expenditures. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statement provides a detailed short-term view of cash, the governmental fund operations and the basic services it provides. Government fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.

The City of Sterling maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Sterling adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found starting on page 28 of this report.

Proprietary funds

When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) report activities that provide supplies and services for the City's other programs and activities, such as the City's Service Center, Employee Benefit, Risk Management and Capital Replacement Funds.

The City of Sterling adopts an annual appropriated budget for all of its proprietary funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic proprietary fund financial statements can be found starting on page 32 of this report.

Notes to the financial statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 42 of this report.

STERLING
A Colorado Treasure

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents the required supplementary information concerning the City of Sterling's progress in funding its obligation to provide pension and other post-employment benefits to its employees. The required supplementary information can be found on page 90 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $107 million at the close of 2025.

The largest portion of the City of Sterling's net position, $86 million, reflects its investment in capital assets (land, buildings and equipment). The City of Sterling uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

CITY OF STERLING
NET POSITION
(in thousands)

	Governmental Activities		Business Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Assets						
Current and other assets	$ 14,709	$ 12,318	$ 69,059	$ 37,064	$ 83,768	$ 49,382
Land, construction in progress, water rights	2,228	2,247	35,981	36,082	38,209	38,329
Capital assets, net of Depreciation	36,258	36,387	43,010	67,483	79,268	103,870
Total assets	53,195	50,952	148,050	140,629	201,245	191,581
Pension deferrals	1,862	1,643	-	-	1,862	1,643
Total deferred outflows of resources	1,862	1,643	-	-	1,862	1,643
Total assets and deferred outflows of resources	$ 55,057	$ 52,595	$ 148,050	$ 140,629	$ 203,107	$ 193,224
Long-term debt outstanding	$ 878	$ 878	$ 71,310	$ 68,291	$ 72,188	$ 69,169
Other liabilities	6,299	6,327	16,141	8,902	22,440	15,229
Total liabilities	7,177	7,205	87,451	77,193	94,628	84,398
Deferred property tax revenues	1,309	1,634	-	-	1,309	1,634
Pension deferrals	67	84	-	-	67	84
Total deferred inflows of resources	1,376	1,718	-	-	1,376	1,718
Net position:						
Net Investment in capital assets	38,486	38,634	42,688	48,298	81,174	86,932
Restricted	2,355	1,993	91	94	2,446	2,087
Unrestricted (deficit)	5,663	3,045	17,820	15,044	23,483	18,089
Total net position	46,504	43,672	60,599	63,436	107,103	107,108
Total liabilities, deferred inflows of resources and net position	$ 55,057	$ 52,595	$ 148,050	$ 140,629	$ 203,107	$ 193,224

In addition, a portion of the City of Sterling's net position, $2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $18 million, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2025, the City of Sterling is able to report positive balances for the three Business-type Activities.

Changes in Net Position

A summary of the City's governmental and business-type activities for the year ended December 31, 2025, shows that total net position remained relatively unchanged at approximately $107 million. The prior year is presented for comparison.

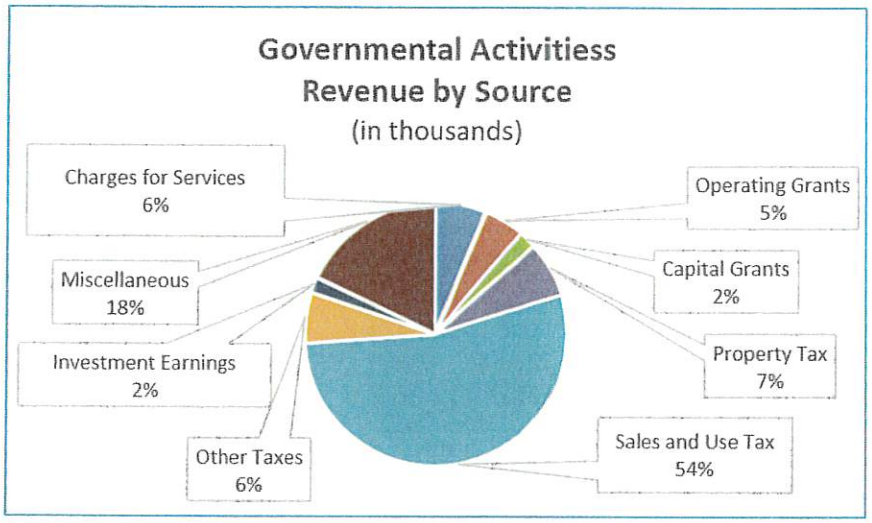
CITY OF STERLING
CHANGES IN NET POSITION
(in thousands)

	Governmental Activities		Business Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Program Revenue:						
Charges for Services	$ 1,231	$ 1,225	$ 12,511	$ 12,417	$ 13,742	$ 13,642
Operating Grants	1,025	951	-	-	1,025	951
Capital Grants	1,640	437	1,121	491	2,761	928
General Revenues:						
Property Tax	1,594	1,327			1,594	1,327
Specific Ownership Tax	177	156			177	156
Sales and Use Tax	10,333	10,488			10,333	10,488
Franchise Tax	713	742			713	742
Other Taxes	233	319			233	319
Unrestricted Earnings on Investments	613	378	907	632	1,520	1,010
Sale of assets	-	-			-	-
Miscellaneous	2,968	3,515	97	85	3,065	3,600
Total Revenues	$ 20,527	$ 19,538	$ 14,636	$ 13,625	$ 35,163	$ 33,163
Program Expenses:						
General Government	$ 3,987	$ 3,212			$ 3,987	$ 3,212
Public Safety	7,867	9,506			7,867	9,506
Public Works	3,416	4,453			3,416	4,453
Parks, Library, Recreation	4,087	5,200			4,087	5,200
Interest on Long-term Debt	-	-			-	-
Water			4,761	5,004	4,761	5,004
Sanitation			880	1,071	880	1,071
Sewer			4,746	4,702	4,746	4,702
Total Expenses	$ 19,357	$ 22,371	$ 10,387	$ 10,777	$ 29,744	$ 33,148
Overage Before Transfers	$ 1,170	$ (2,833)	$ 4,249	$ 2,848	$ 5,419	$ 15
Transfers	-	-	-	-	-	-
Change in Net Position	1,170	(2,833)	4,249	2,848	5,419	15
Net position beginning of year	45,335	46,505	56,349	60,588	101,684	107,093
Net position at end of year	$ 46,505	$ 43,672	60,598	$ 63,436	107,103	$ 107,108

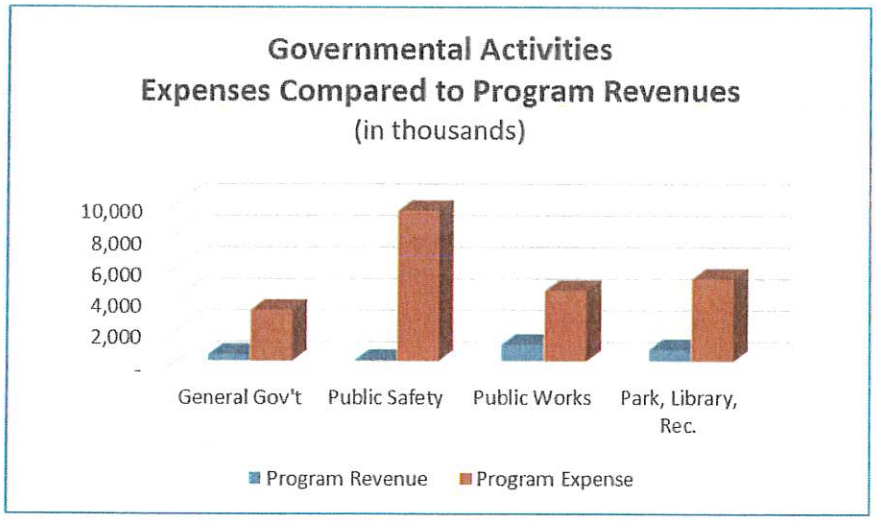
Governmental activities

Net position of governmental activities decreased by $2.8 million during 2025.

The sales and use tax revenue increased 1.5% in 2025. Investment earnings had a 38.34% decrease in 2025 compared to 2024. This is due to the drop in interest rates. Rates at COLOTRUST+ were 3.96% on December 31, 2025, compared to 4.59% on December 31, 2024.

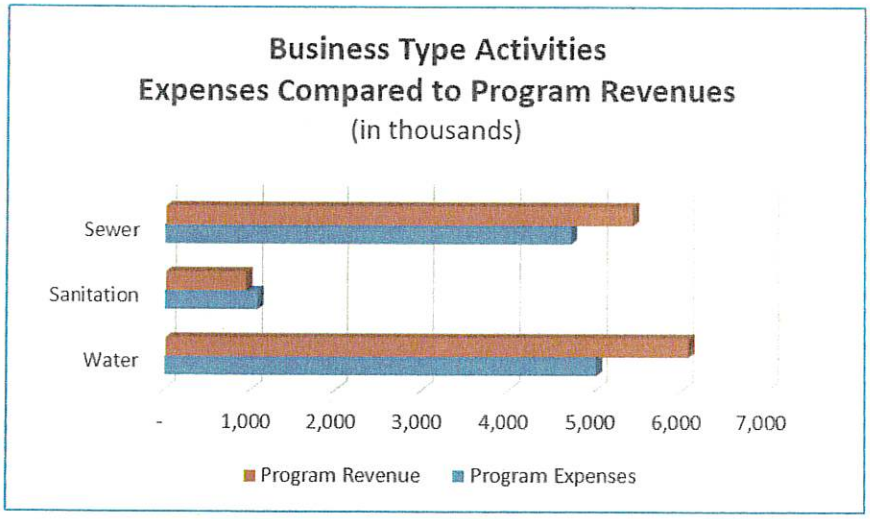


Expenses Compared to the Revenue presents the cost and revenue of each of the City's four largest programs – general government, public safety, public works and parks, library and recreation. The difference between the revenue and expense shows the financial burden that was placed on the City's taxpayers by each of these functions.



Business-type Activities

The three Enterprise Funds had a combined increase in net position of $2.8 million. The Sewer Fund increased by $1 million, the Sanitation Funds decreased by $105 thousand, and the Water Fund had an increase of $1.9 million. The increases in the Water and Sewer Fund are to have funds available for future loan payments to CWRPDA. The Water Fund outstanding debt is $11.4 million, with the Sewer Fund having an outstanding debt of $59.8 million.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Sterling uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City of Sterling's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Sterling's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Sterling itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Sterling's Council.

The General Fund is the chief operating fund of the City of Sterling. At the end of 2025, the City of Sterling's General Fund reported an ending fund balance of $1.4 million, which was a decrease of $1.9 million from January 1, 2025. Of that fund balance, $745 thousand was unassigned and is available for spending at the City's discretion. The remainder of the fund balance is assigned and is not available for new spending because it is committed to the culture and recreation and prepaid items. The remainder of the Governmental funds had a combined fund balance of $2 million.

Proprietary Funds

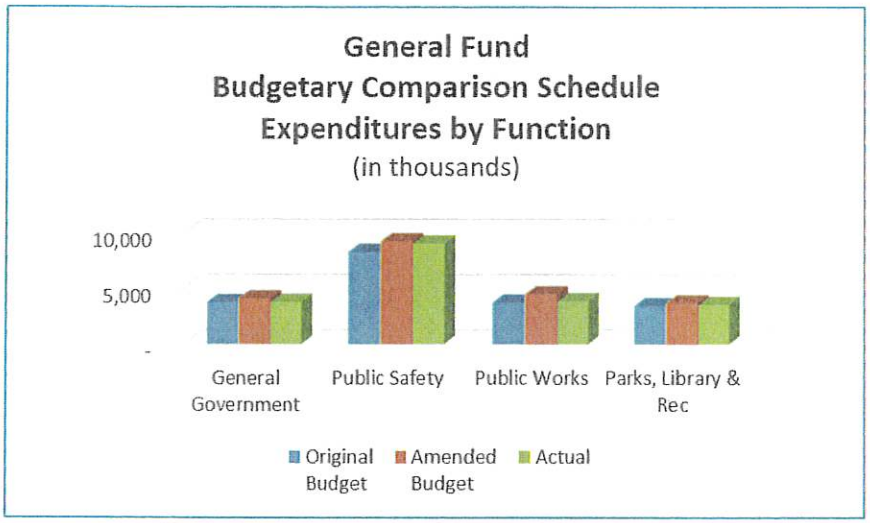
The City of Sterling's three proprietary funds, Water, Sewer and Sanitation, provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During 2025, the City amended the General Fund budget twice. Budget amendments were presented by the Finance and City Manager's departments to City Council for approval by ordinance, as required by the City Code. Original budgeted expenditures were $19.6 million; and final budgeted expenditures were $22 million. Major components included:

- Transfers to the Capital Replacement Fund for budgeted equipment and vehicles — $885 thousand.
- Personnel adjustments across City departments, including salaries, benefits, and pension costs — $562 thousand.
- Airport improvements supported in part by an FAA grant — $282 thousand.
- Downtown archway and Main and Third Street lighting costs supported by Sterling Urban Renewal Authority contributions — $160 thousand.
- Other carryover purchase orders, projects, grants, and operating adjustments.

General Fund budgeted revenues increased from $19.6 million to $20.2 million. The amendments recognized approximately $697 thousand in additional revenue, primarily for FAA-funded airport improvements, ambulance and EMS services, Sterling Urban Renewal Authority contributions, and public safety grants and donations.



Actual General Fund expenditures were $20.8 million, compared with the final budget of $22.1 million, resulting in approximately $1.3 million of unspent appropriation. The largest differences were in public works ($630,000), primarily the airport and administration; general government ($314,000); public safety ($197,000); and culture and recreation ($158,000).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Sterling's investment in capital assets for its governmental and business-type activities as of December 31, 2025, amounts to $142 million (net of accumulated depreciation). This amount includes a broad range of capital assets, including police and fire equipment, streets and drainage, water and wastewater lines, the Municipal airport, other infrastructure.

The City remains committed to the upkeep and maintenance of the City's largest assets. More detailed information about the City's capital assets is presented in Note E, pages 56-58, of the financial statements.

CITY OF STERLING
CAPITAL ASSETS ON DECEMBER 31, 2024
(net of depreciation, in thousands)

	Governmental Activities		Business Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Land	$ 2,228	$ 2,228	$ 1,270	$ 1,270	$ 3,498	$ 3,498
Construction in Progress	-	19	33,985	34,086	33,985	34,105
Water rights	-		726	726	726	726
Buildings	6,777	6,498	1,338	1,272	8,115	7,770
Equipment	4,492	4,650	769	2,078	5,261	6,728
Improvements	8,649	9,410	40,903	64,133	49,552	73,543
Infrastructure	16,340	15,829	-	-	16,340	15,829
Total	$ 38,486	$ 38,634	$ 78,991	$103,565	$ 117,477	$ 142,199

The major capital asset additions during 2025 for governmental activities were $1.2 million in improvements and $918,000 in equipment.

Business-type activities recorded $23.6 million in construction-in-progress additions during 2025. The City also transferred $23.5 million of completed construction from construction in progress to improvements. These amounts reflect different stages of the same capital work and should not be added together as new spending.

Long-term debt

The City had approximately $72.2 million in long-term debt and compensated absences outstanding at year-end 2025, compared with $74.8 million at year-end 2024. More detailed information is presented in Note F to the financial statements.

CITY OF STERLING
OUTSTANDING DEBT
(in thousands)

	Governmental Activities		Business Type Activities		Total	
	2024	2025	2024	2025	2024	2025
CWRPDA Loan - Water	$ -	$ -	$ 12,589	$ 11,126	$ 12,589	$ 11,126
CWRPDA Loan #1 - Sewer	-	-	29,964	28,989	29,964	28,989
CWRPDA Loan #2 - Sewer	-	-	25,865	25,845	25,865	25,845
CWRPDA Green Loan - Sewer	-	-	2,919	2,838	2,919	2,838
CWRPDA Revolving Loan - Sewer	-	-	1,469	1,438	1,469	1,438
Premium on notes - Water	-	-	270	235	270	235
Premium on notes - Sewer	-	-	705	678	705	678
Fire Truck Lease	-	-	-	-	-	-
Compensated Absences	918	918	103	97	1,021	1,015
TOTAL	$ 918	$ 918	$ 73,884	$ 71,246	$ 74,802	$ 72,164

ECONOMIC FACTORS AND THE 2026 BUDGET

In preparing the 2026 budget, the City considered current economic conditions and anticipated revenues. Adopted General Fund expenditures totaled $20.5 million, approximately $1.6 million less than the final 2025 budget of $22.1 million. Adopted General Fund revenues totaled $20.4 million, approximately $100 thousand more than the final 2025 budget of $20.3 million.

The City is being cautious with its spending in 2026. The budget is being monitored on a monthly basis; the 2026 revenues and expenditures to the same month in 2025.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the City of Sterling Director of Finance, 421 N 4th Street, Sterling, CO 80751.

This page intentionally left blank.

Basic Financial Statements

The basic financial statements of the City include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and proprietary funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

CITY OF STERLING, COLORADO
Statement of Net Position
December 31, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	$ 484,832	$ 566,651	$ 1,051,483
Cash with county treasurer	12,611		12,611
Certificates of deposit		117,365	117,365
Investments	7,566,478	15,346,306	22,912,784
Receivables	3,511,509	2,094,931	5,606,440
Internal balances	91,830	(91,830)	-
Inventory		396,461	396,461
Prepaid items	619,068		619,068
Restricted cash		18,634,572	18,634,572
Net pension asset	32,132		32,132
Land, construction in progress, water rights	2,246,771	36,081,930	38,328,701
Capital assets, net of depreciation	36,386,950	67,483,074	103,870,024
Total assets	50,952,181	140,629,460	191,581,641
Deferred outflows of resources			
Pension deferrals	1,642,667		1,642,667
Total assets and deferred outflows of resources	$ 52,594,848	$ 140,629,460	$ 193,224,308

The accompanying notes are an integral part of these financial statements.

Component Unit
$ 2,008,658
4,221,516
18,329
6,248,503
$ 6,248,503

(continued)

CITY OF STERLING, COLORADO
Statement of Net Position
December 31, 2025

(continued)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	$ 1,266,931	$ 3,504,259	$ 4,771,190
Accrued salaries and benefits	566,226	79,549	645,775
Accrued interest payable		862,984	862,984
Unearned revenues	3,454,464	1,500,000	4,954,464
Noncurrent liabilities			
Due within one year	40,000	2,954,901	2,994,901
Due in more than one year	877,553	68,291,366	69,168,919
Net pension liability	999,957		999,957
Total liabilities	7,205,131	77,193,059	84,398,190
Deferred inflows of resources			
Property taxes levied in advance	1,633,500		1,633,500
Pension deferrals	84,418		84,418
Total deferred inflows of resources	1,717,918	-	1,717,918
Net position			
Net investment in capital assets	38,633,721	48,297,961	86,931,682
Restricted for emergencies	585,000		585,000
Restricted for culture and recreation	1,376,238		1,376,238
Restricted for system improvements		94,226	94,226
Restricted for pensions	32,132		32,132
Unrestricted	3,044,708	15,044,214	18,088,922
Total net position	43,671,799	63,436,401	107,108,200
Total liabilities, deferred inflows of resources and net position	$ 52,594,848	$ 140,629,460	$ 193,224,308

The accompanying notes are an integral part of these financial statements.

Component Unit
$ 5,194
5,194.0
-
6,243,309
6,243,309
$ 6,248,503

CITY OF STERLING, COLORADO
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	$ 3,212,013	$ 297,898	$ 95,520	
Public safety	9,506,035	30,770	7,300	
Public works	4,453,162	467,818	561,588	$ 337,352
Health and welfare	319,207	177,855		
Culture and recreation	4,880,532	251,014	286,518	100,000
Total governmental activities	22,370,949	1,225,355	950,926	437,352
Business-type activities				
Water services	5,004,288	6,065,967		467,796
Sanitation services	1,070,796	935,883		
Sewer services	4,702,177	5,414,580		23,334
Total business-type activities	10,777,261	12,416,430	-	491,130
Total primary government	$ 33,148,210	$ 13,641,785	$ 950,926	$ 928,482
Component unit				
Sterling Urban Renewal Authority	$ 710,764	$ -	$ -	$ -
General revenues				
Taxes				
Property taxes, levied for general purposes				
Specific ownership taxes				
Sales and use taxes				
Franchise taxes				
Other taxes				
Unrestricted earnings on investments				
Miscellaneous				
Total general revenues				
Change in net position				
Net position at beginning of year, as originally reported				
Error correction				
Net position at beginning of year, as restated				
Net position at end of year				

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
$ (2,818,595)		$ (2,818,595)	
(9,467,965)		(9,467,965)	
(3,086,404)		(3,086,404)	
(141,352)		(141,352)	
(4,243,000)		(4,243,000)	
(19,757,316)	$ -	(19,757,316)	
	1,529,475	1,529,475	
	(134,913)	(134,913)	
	735,737	735,737	
-	2,130,299	2,130,299	
(19,757,316)	2,130,299	(17,627,017)	
			$ (710,764)
1,326,359		1,326,359	
155,469		155,469	
10,488,060		10,488,060	
742,144		742,144	
318,676		318,676	529,095
378,307	632,376	1,010,683	177,963
3,515,166	85,412	3,600,578	
16,924,181	717,788	17,641,969	707,058
(2,833,135)	2,848,087	14,952	(3,706)
46,504,934	60,598,879	107,103,813	6,247,015
	(10,565)	(10,565)	
46,504,934	60,588,314	107,093,248	6,247,015
$43,671,799	$63,436,401	$107,108,200	$ 6,243,309

CITY OF STERLING, COLORADO
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash	$ 311,978	$ 117,988	$ 429,966
Cash with county treasurer	12,611		12,611
Investments	3,880,241	2,158,498	6,038,739
Due from other funds	47,627		47,627
Property taxes receivable	1,633,500		1,633,500
Other taxes receivable	1,106,171	13,766	1,119,937
Other receivables	706,168	51,686	757,854
Prepaid items	619,068		619,068
Total assets	$ 8,317,364	$ 2,341,938	$ 10,659,302
Liabilities			
Due to other funds		$ 45,000	$ 45,000
Accounts payable	$ 1,088,027	168,180	1,256,207
Accrued salaries and benefits	540,503		540,503
Deposits	8,149		8,149
Unearned revenue	109,634	51,650	161,284
Unearned grant revenue	3,446,315		3,446,315
Total liabilities	5,192,628	264,830	5,457,458
Deferred inflows of resources			
Deferred property tax revenues	1,633,500		1,633,500
Total deferred inflows of resources	1,633,500	-	1,633,500
Fund balance			
Nonspendable - prepaid items	619,068		619,068
Restricted for culture and recreation		1,376,238	1,376,238
Committed to capital improvements		507,004	507,004
Committed to culture and recreation	127,371		127,371
Committed to health and welfare		238,866	238,866
Unassigned	744,797	(45,000)	699,797
Total fund balance	1,491,236	2,077,108	3,568,344
Total liabilities, deferred inflows of resources and fund balance	$ 8,317,364	$ 2,341,938	$ 10,659,302

The accompanying notes are an integral part of these financial statements.

CITY OF STERLING, COLORADO
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2025

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance - governmental funds	$ 3,568,344
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	33,688,014
Certain receivables will be collected in the next fiscal year, but are not available soon enough to pay for the current period's expenditures, and therefore are unearned revenues in the governmental funds.	161,284
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(868,661)
Pension assets, liabilities and deferrals used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	590,424
Internal service funds are used by management to charge the costs of certain activities to individual funds, such as insurance, fleet and service center management. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	6,532,394
Net position of the governmental activities	$ 43,671,799

The accompanying notes are an integral part of these financial statements.

CITY OF STERLING, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 12,802,513	$ 228,195	$ 13,030,708
Licenses and permits	316,381		316,381
Intergovernmental revenue	3,284,162	155,641	3,439,803
Charges for services	384,174	22,457	406,631
Fines and forfeitures	50,509		50,509
Earnings on investments	196,644	106,012	302,656
Miscellaneous	1,736,090	139,005	1,875,095
Total revenues	18,770,473	651,310	19,421,783
Expenditures			
Current			
General government	3,835,376	344	3,835,720
Public safety	9,123,633		9,123,633
Public works	3,921,102		3,921,102
Health and welfare	294,945	58,544	353,489
Culture and recreation	3,596,502	969,954	4,566,456
Total expenditures	20,771,558	1,028,842	21,800,400
Excess of revenues over (under) expenditures	(2,001,085)	(377,532)	(2,378,617)
Other financing sources (uses)			
Transfers in	4,553		4,553
Transfers out		(4,553)	(4,553)
Total other financing sources (uses)	4,553	(4,553)	-
Net change in fund balance	(1,996,532)	(382,085)	(2,378,617)
Fund balance at beginning of year	3,487,768	2,459,193	5,946,961
Fund balance at end of year	$ 1,491,236	$ 2,077,108	$ 3,568,344

The accompanying notes are an integral part of these financial statements.

CITY OF STERLING, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - governmental funds	$ (2,378,617)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays ($1,283,549) exceeded depreciation ($1,230,973) in the current period.	52,576
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.	(193,652)
In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	13,007
Because some revenues will not be collected for several months after the fiscal year ends, they are not considered "available" revenues in the governmental funds. They are, however, recorded as revenues in the statement of activities.	40,379
Internal service funds are used by management to charge the costs of certain activities to individual funds, such as insurance, fleet and service center management. The net revenue (expense) of the certain internal service funds is reported with governmental activities.	(366,828)
Change in net position of governmental activities	$ (2,833,135)

The accompanying notes are an integral part of these financial statements.

CITY OF STERLING, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2025

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Assets			
Current assets			
Cash	$ 164,250	$ 214,795	$ 187,606
Certificates of deposit			117,365
Investments	8,262,865	92,971	6,990,470
Receivables	1,018,896	103,867	972,168
Inventory	343,132	6,443	46,886
Total current assets	9,789,143	418,076	8,314,495
Noncurrent assets			
Restricted cash with fiscal agent	94,226		18,540,346
Land, construction in progress and water rights	2,886,875	178	33,194,877
Capital assets, net of depreciation	37,434,957	594,397	29,453,720
Total noncurrent assets	40,416,058	594,575	81,188,943
Total assets	$ 50,205,201	$ 1,012,651	$ 89,503,438

The accompanying notes are an integral part of these financial statements.

Total	Governmental Activities - Internal Service Funds
$ 566,651	$ 54,866
117,365	
15,346,306	1,527,739
2,094,931	218
396,461	
18,521,714	1,582,823
18,634,572	
36,081,930	
67,483,074	4,945,707
122,199,576	4,945,707
$ 140,721,290	$ 6,528,530

(continued)

CITY OF STERLING, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2025

(continued)

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Liabilities			
Current liabilities			
Accounts payable	$ 975,205	$ 14,775	$ 2,514,279
Due to other funds			
Accrued salaries and benefits payable	33,004	12,150	34,395
Accrued interest payable	122,590		740,394
Unearned grant revenue			1,500,000
Current portion of compensated absences	1,000	2,000	2,000
Current portion of notes payable	1,485,820		1,464,081
Total current liabilities	2,617,619	28,925	6,255,149
Long-term liabilities			
Accrued compensated absences	43,576	5,375	42,897
Notes payable	9,875,618		58,323,900
Total long-term liabilities	9,919,194	5,375	58,366,797
Total liabilities	12,536,813	34,300	64,621,946
Net position			
Net investment in capital assets	28,066,803	594,575	19,636,583
Restricted for system improvements	94,226		
Restricted for emergencies			
Unrestricted	9,507,359	383,776	5,244,909
Total net position	37,668,388	978,351	24,881,492
Total liabilities and net position	$ 50,205,201	$ 1,012,651	$ 89,503,438

The accompanying notes are an integral part of these financial statements.

Total	Governmental Activities - Internal Service Funds
$ 3,504,259	$ 10,724
-	2,627
79,549	25,723
862,984	
1,500,000	
5,000	
2,949,901	
8,901,693	39,074
91,848	48,892
68,199,518	
68,291,366	48,892
77,193,059	87,966
48,297,961	4,945,707
94,226	
-	585,000
15,136,044	909,857
63,528,231	6,440,564
$ 140,721,290	$ 6,528,530

Total net position - enterprise funds	$ 63,528,231
Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.	(91,830)
Net position of the business-type activities	$ 63,436,401

CITY OF STERLING, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Operating revenues			
Charges for services	$ 6,065,967	$ 935,883	$ 5,414,580
Miscellaneous	14,616		
Total operating revenues	6,080,583	935,883	5,414,580
Operating expenses			
Personnel	1,004,801	314,034	850,436
Maintenance and supplies	2,004,282	558,367	889,476
Administrative cost allocation	648,935	126,465	277,762
Depreciation and amortization	1,074,398	56,371	834,557
Claims			
Premiums			
Total operating expenses	4,732,416	1,055,237	2,852,231
Operating income (loss)	1,348,167	(119,354)	2,562,349
Nonoperating revenues (expenses)			
Earnings on investments	316,112	14,571	301,693
Rents and rights	70,796		
Insurance proceeds			
Federal and state grants	446,796		
Sale of assets			
Debt service interest and fiscal charges	(215,173)		(1,810,475)
Total nonoperating revenues (expenses)	618,531	14,571	(1,508,782)
Income (loss) before capital contributions	1,966,698	(104,783)	1,053,567
Capital contributions	21,000		23,334
Change in net position	1,987,698	(104,783)	1,076,901
Net position at beginning of year, as originally reported	35,384,526	1,083,134	24,111,320
Error correction	296,164		(306,729)
Net position at beginning of year, as restated	35,680,690	1,083,134	23,804,591
Net position at end of year	$ 37,668,388	$ 978,351	$ 24,881,492

The accompanying notes are an integral part of these financial statements.

Total	Governmental Activities - Internal Service Funds
$ 12,416,430	$ 5,795,594
14,616	11
12,431,046	5,795,605
2,169,271	700,359
3,452,125	397,918
1,053,162	
1,965,326	707,874
-	83,653
-	4,512,274
8,639,884	6,402,078
3,791,162	(606,473)
632,376	75,651
70,796	
-	72,240
446,796	3,600
	(23,575)
(2,025,648)	
(875,680)	127,916
2,915,482	(478,557)
44,334	
2,959,816	(478,557)
60,578,980	6,919,121
(10,565)	
60,568,415	6,919,121
$ 63,528,231	$ 6,440,564

Net change in net position - proprietary funds	$ 2,959,816
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities.	(111,729)
Change in net position of business-type activities	$ 2,848,087

CITY OF STERLING, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Cash flows from operating activities			
Receipts from customers	$ 6,076,193	$ 931,147	$ 5,422,900
Receipts from other funds			
Payments to providers			
Payments to claimants			
Payments to suppliers	(3,001,406)	(766,085)	(1,497,690)
Payments to employees	(682,987)	(230,854)	(591,356)
Net cash provided (used) by operating activities	2,391,800	(65,792)	3,333,854
Cash flows from capital and related financing activities			
Capital contributions	21,000		23,334
Receipts from rents and rights	70,796		
Proceeds from the sale of assets			
Federal and state grants	689,435		
Purchase of capital assets	(2,514,969)	(634,481)	(30,846,775)
Principal paid on capital debt	(1,462,784)		(1,106,938)
Interest and fiscal charges paid on capital debt	(312,131)		(1,845,228)
Net cash used by capital and related financing activities	(3,508,653)	(634,481)	(33,775,607)
Cash flows from investing activities			
Proceeds from the sale of investments	980,000	705,000	524,000
Earnings on investments	3,424		
Purchase of investments			
Net cash provided by investing activities	983,424	705,000	524,000
Net increase (decrease) in cash and cash equivalents	(133,429)	4,727	(29,917,753)
Cash and cash equivalents at beginning of year	391,905	210,068	48,645,705
Cash and cash equivalents at end of year	$ 258,476	$ 214,795	$ 18,727,952

The accompanying notes are an integral part of these financial statements.

Total	Governmental Activities - Internal Service Funds
$ 12,430,240	$ 5,867,953
-	2,627
-	(4,512,257)
-	(87,275)
(5,265,181)	(626,237)
(1,505,197)	(466,786)
5,659,862	178,025
44,334	
70,796	
-	900
689,435	3,600
(33,996,225)	(827,514)
(2,569,722)	
(2,157,359)	
(37,918,741)	(823,014)
2,209,000	620,000
3,424	
-	(40,000)
2,212,424	580,000
(30,046,455)	(64,989)
49,247,678	119,855
$ 19,201,223	$ 54,866

(continued)

CITY OF STERLING, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

(continued)

	Business-type Activities - Enterprise Funds		
	Water Fund	Sanitation Fund	Sewer Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	$ 1,348,167	$ (119,354)	$ 2,562,349
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	1,074,398	56,371	834,557
Insurance proceeds			
Changes in assets and liabilities			
Receivables	(4,390)	(4,736)	8,320
Inventory	132	4,156	(376)
Accounts payable	(21,901)	(4,013)	(85,439)
Due to other funds			
Accrued salaries and benefits payable	416	4,670	12,444
Accrued compensated absences	(5,022)	(2,886)	1,999
Net cash provided (used) by operating activities	$ 2,391,800	$ (65,792)	$ 3,333,854
Cash and cash equivalents at end of year consist of:			
Cash	$ 164,250	$ 214,795	$ 187,606
Restricted cash with fiscal agent	94,226		18,540,346
Total	$ 258,476	$ 214,795	$ 18,727,952
Noncash capital financing activities			
Capital assets included in accounts payable	$ 893,591	$ -	$ 2,484,379

The accompanying notes are an integral part of these financial statements.

Total	Governmental Activities - Internal Service Funds
$ 3,791,162	$ (606,473)
1,965,326	707,874
-	72,240
(806)	108
3,912	
(111,353)	(16,456)
	2,627
17,530	5,150
(5,909)	12,955
$ 5,659,862	$ 178,025
$ 566,651	$ 54,866
18,634,572	
$ 19,201,223	$ 54,866
$ 3,377,970	$ -

Note A – Summary of significant accounting policies

This summary of the City of Sterling's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The more significant of the City's accounting policies are described below.

A.1 – Reporting entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The City has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the Sterling Urban Renewal Authority (SURA) is included in the financial statements as a component unit of the City. The SURA was created by ordinance passed in 1978 by the City Council under authorization of State Statutes. The purpose of SURA is to acquire and develop or redevelop certain areas in the City to maintain public welfare. The financial statements of the SURA are included in the City's financial statements using discrete presentation, because the City officials appoint a voting majority of the organization's governing body and its tax increment financing indicates financial interdependency; however, the presentation is in a separate column to recognize legal separation from the City. Legal counsel is of the opinion that under State Statutes, the City is not liable with respect to any debt of the SURA. Complete financial statements of the SURA are not available as the entity is not required by Colorado Local Government Audit Laws to issue audited financial statements.

Note A – Summary of significant accounting policies (Continued)

A.2 – Fund accounting

The City uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), major capital projects (capital projects fund), and the servicing of general long-term debt (debt service fund). The following is the City's major governmental fund:

General Fund – The General Fund is the operating fund of the City. It is used to account for most of the day-to-day operations of the City which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the City, except for activities of the enterprise funds.

The following are the City's nonmajor governmental funds:

Conservation Trust Fund – This fund is a special revenue fund established to account for state lottery proceeds and allowable expenditures.

Perpetual Care Fund – This fund is a special revenue fund established for the purpose of using revenues generated from investments for operations and care of the cemetery.

Karl Falch Library Trust Fund – This fund is a special revenue fund established to account for resources held by the City in a fiduciary capacity as willed by Karl Falch to be used for library purposes.

Hotel Tax Fund – This fund is a special revenue fund established to account for the hotel lodging tax revenues and allowable expenditures.

Sunset Memorial Gardens Fund – This fund is a special revenue fund established to account for contributions and expenditures related to operations and care of the cemetery.

Demo Fund – This fund is a special revenue fund established to account for the proceeds of nuisance cleanups and related expenditures.

Note A – Summary of significant accounting policies (Continued)

Capital Improvement Fund – This fund is a capital projects fund established to account for rental and sales proceeds from City owned land, with the proceeds being used to pay for capital improvements.

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major proprietary funds:

Water Fund – This fund was established to account for all operations of the water utility services provided by the City.

Sanitation Fund – This fund was established to account for all operations of the sanitation services provided by the City.

Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the City.

Fiduciary Funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the City's own programs. The City does not have any fiduciary funds.

Additionally, the City reports the following fund type:

Internal Service Funds – These funds account for insurance, fleet and service center management services provided to other departments or agencies of the City on a cost reimbursement basis.

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Note A – Summary of significant accounting policies (Continued)

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund financial statements – Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Note A – Summary of significant accounting policies (Continued)

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of fiscal year-end, except for state and federal grant revenues, which are considered available if collection is expected within six months of year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Property taxes, sales taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Note A – Summary of significant accounting policies (Continued)

Unearned revenue - Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 – Encumbrances

Encumbrance accounting is utilized by the City to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year's budget, therefore no amounts are reported in the financial statements. The City does not have any significant encumbrances outstanding at year-end.

A.6 – Cash and cash investments

The City has pooled the cash resources of its funds in order to maximize investment opportunities. Short-term investments, including government securities and certificates of deposit, are purchased with pooled cash. Interest earned is allocated to individual funds based on their proportional equity in each investment purchased. Certain funds have made disbursements for investments in excess of the fund's individual equity. The deficit balances of these funds are reported as a liability "due to other funds."

A.7 – Cash and cash equivalents

For the purposes of the statement of cash flows, the City considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

A.8 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

Note A – Summary of significant accounting policies (Continued)

A.9 – Receivables

Monthly charges for water, sanitation and sewer services are included with monthly utility billings. No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

A.10 – Prepaid items

Prepaid items in governmental funds are accounted for using the consumption method, thereby deferring recognition of the expenditure until the period in which the prepaid items are used or consumed.

A.11 – Inventories

Inventories in the proprietary funds consist of supplies and are recorded at cost.

A.12 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

All capital assets with a unit cost greater than $5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) have been capitalized on a prospective basis beginning in 2004.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

Note A – Summary of significant accounting policies (Continued)

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities	Business-type Activities
Buildings	50 years	40 years
Equipment	10-25 years	3-10 years
Improvements other than buildings	10-50 years	25-50 years
Infrastructure	6-50 years	n/a

A.13 – Compensated absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 101, "Compensated Absences." In recognition of the varying work schedules of city employees and each employee's diverse needs for time away from work, the City provides a general leave policy of paid time off (PTO) for its employees. Paid time off shall be accrued by regular employees and is determined by the work period that each employee is scheduled.

Employees with a regular work period of forty (40) hours per week shall accrue the following amount of PTO on a biweekly basis for twenty-six (26) pay periods each year:

Years of service	Annual accrual hours	Maximum accrual
0-5 years	192 hours	288 hours
6-9 years	216 hours	288 hours
10-19 years	240 hours	288 hours
20 & over	264 hours	288 hours

Employees with a regular work period of one hundred seventy one (171) hours per month shall accrue the following amounts of PTO on a biweekly basis for twenty-six (26) pay periods each year:

Years of service	Annual accrual hours	Maximum accrual
0-5 years	210.94 hours	327.42 hours
6-9 years	236.68 hours	327.42 hours
10-19 years	262.42 hours	327.42 hours
20 & over	328.16 hours	327.42 hours

Note A – Summary of significant accounting policies (Continued)

Employees with a regular work period of two hundred twelve (212) hours per month shall accrue the following amount of PTO on a biweekly basis for twenty-six (26) pay periods each year:

Years of service	Annual accrual hours	Maximum accrual
0-5 years	254.28 hours	383.04 hours
6-9 years	286.26 hours	383.04 hours
10-19 years	317.98 hours	383.04 hours
20 & over	349.96 hours	383.04 hours

Regular part-time employees working between twenty (20) and thirty (30) hours per week will receive a proportionate amount of PTO equivalent to the number of hours worked, with the exception that there will be no days granted as holidays to these persons. Employees working between thirty (30) and forty (40) hours per week will earn a proportionate amount of PTO at the same rate as other earnings.

Upon separation, employees will be paid for accrued but unused PTO up to the maximum limits as established by the City as follows:

Scheduled Work Periods	Maximum Hours Paid
40 hours	288.00 hours
171 hours	327.42 hours
212 hours	383.04 hours

The entire compensated absences liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accrued compensated absences" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of the compensated absences is reported as a fund liability.

The amounts recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

Note A – Summary of significant accounting policies (Continued)

A.14 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Compensated absences are reported as accrued in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

A.15 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

A.16 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are service charges for water, sanitation and sewer utility services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

A.17 – Interfund transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund services

Note A – Summary of significant accounting policies (Continued)

provided and used, and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services that are provided and used are not eliminated in the process of consolidation.

A.18 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the city council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

A.19 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

- *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the city council (the City's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount.

Note A – Summary of significant accounting policies (Continued)

Committed fund balance is established by a formal passage of a resolution. Assigned fund balance is established by the city council through adoption or amendment of the budget as intended for specific purpose (such as purchase of capital assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the City applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

Fund balances in the governmental funds are reported as restricted or committed for the following purposes:

	Restricted Fund Balance	Committed Fund Balance
Culture and recreation – parks	$ 103,360	$ -
Culture and recreation – library	30,374	-
Culture and recreation - beautification	1,242,504	-
Capital improvements	-	507,004
Culture and recreation – museum	-	65,202
Culture and recreation – playground	-	5,201
Culture and recreation – library	-	1,267
Culture and recreation – arts	-	55,701
Health and welfare – cemetery	-	238,866
Totals	$ 1,376,238	$ 873,241

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the City's deposit of cash. The Public Deposit Protection Act (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Note B – Cash and investments (Continued)

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have deposit policy for custodial credit risk. As of year-end, the city had total deposits of $1,667,692, of which $250,000 were insured and $1,417,692 was collateralized with securities held by the pledging institution's trust department or agent in the City's name.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the City's own investment policies and procedures. Investments of the City may include:

- Obligations of the United States Government, such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

During the year, the City invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of December 31, 2025, the City had invested $22,912,784 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of $1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

Note B – Cash and investments (Continued)

At year-end, the City had the following investments:

		Investment maturities (in years)		
Investment type	Fair value	Less than 1	1-5	6-10
State investment pool	$22,912,784	$22,912,784	$ -	$ -

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The City has no investment policy that would further limit its investment choices. At year-end, the City's investment in Colotrust was rated AAAm by Standard and Poor's.

Note C – Receivables

Receivables at year-end consist of the following:

	Governmental Activities	Business-type Activities	Total Receivables
Utility accounts	$ -	$ 1,254,865	$ 1,254,865
Grants	-	840,066	840,066
Property taxes	1,633,500	-	1,633,500
Other taxes	1,119,937	-	1,119,937
Other	758,072	-	758,072
Total	$ 3,511,509	$ 2,094,931	$ 5,606,440

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Logan County bills and collects property taxes for all taxing entities within the County.

Note D – Interfund transactions

The following is a summary of interfund borrowings and transfers for the year as presented in the fund financial statements:

	Interfund Receivables	Interfund Payables
Governmental Funds		
General Fund	$ 47,627	$ -
Other Governmental Funds	-	45,000
Internal Service Funds	-	2,627
Totals	$ 47,627	$ 47,627

All balances resulted from the lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers In	Transfers Out	Amount
General Fund	Other Governmental Funds	$ 4,553

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The City annually transfers funds from the Other Governmental Funds (Perpetual Care and Sunset Memorial Gardens Funds) to the General Fund to provide support for the maintenance of the cemetery. No transfer was made from the Perpetual Care Fund in the current year.

Note E – Capital assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions/ Adjustments	Deletions/ Adjustments	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 2,227,771	$ -	$ -	$ 2,227,771
Construction in progress	-	19,000	-	19,000
Total capital assets, not being depreciated	2,227,771	19,000	-	2,246,771

Note E – Capital assets (Continued)

	Beginning Balance	Addition	Deletions/ Adjustments	Ending Balance
Capital assets, being depreciated:				
Buildings	13,808,408	-	-	13,808,408
Equipment	13,523,908	918,340	(48,950)	14,393,298
Improvements	19,203,391	1,173,722	-	20,377,113
Infrastructure	32,896,121	-	-	32,896,121
Total capital assets, being depreciated	79,431,828	2,092,062	(48,950)	81,474,940
Total capital assets	81,659,599	2,111,062	(48,950)	83,721,711
Less accumulated depreciation for:				
Buildings	(7,030,539)	(279,404)	-	(7,309,943)
Equipment	(9,031,917)	(735,999)	24,475	(9,743,441)
Improvements	(10,554,613)	(412,767)	-	(10,967,380)
Infrastructure	(16,556,549)	(510,677)	-	(17,067,226)
Total accumulated depreciation	(43,173,618)	(1,938,847)	24,475	(45,087,990)
Governmental activities capital assets, net	$ 38,485,981	$ 172,215	$ (24,475)	$ 38,633,721
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 1,269,839	$ -	$ -	$ 1,269,839
Construction in progress	33,984,715	23,616,243	(23,515,254)	34,085,704
Water rights	726,387	-	-	726,387
Total capital assets, not being depreciated	35,980,941	23,616,243	(23,515,254)	36,081,930
Capital assets, being depreciated				
Buildings	6,171,341	-	-	6,171,341
Equipment	4,366,762	1,517,543	-	5,884,305
Improvements	71,078,612	1,405,163	23,515,254	95,999,029
Total capital assets, being depreciated	81,616,715	2,922,706	23,515,254	108,054,675
Total capital assets	117,597,656	26,538,949	-	144,136,605

Note E – Capital assets (Continued)

	Beginning Balance	Addition	Deletions/ Adjustments	Ending Balance
Less accumulated depreciation for:				
Buildings	(4,833,641)	(65,865)	-	(4,899,506)
Equipment	(3,597,679)	(209,033)	-	(3,806,712)
Improvements	(30,174,955)	(1,690,428)	-	(31,865,383)
Total accumulated depreciation	(38,606,275)	(1,965,326)	-	(40,571,601)
Business-type activities capital assets, net	$ 78,991,381	$ 24,573,623	$ -	$103,565,004

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities	
General government	$ 80,063
Public safety	63,860
Public works	700,376
Health and welfare	13,831
Culture and recreation	372,843
In addition, depreciation on capital assets held by the City's internal service funds is charged to the various functions based on the percentage of contribution to the fund.	707,874
Total governmental activities	$ 1,938,847
Business-type activities	
Water	$ 1,074,398
Sanitation	56,371
Sewer	834,557
Total business-type activities	$ 1,965,326

Note F – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	Beginning Balances	Additions	Reductions	Ending Balances	Due within one year
Governmental activities					
Compensated absences	$ 917,606	$ -	$ (53)*	$ 917,553	$ 40,000

The compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

	Beginning Balances	Additions	Reductions	Ending Balances	Due within one year
Business-type activities					
Notes from direct borrowings	$ 72,806,186	$ -	$ (2,569,722)	$ 70,236,464	$ 2,949,901
Premium on notes	975,959	-	(63,004)	912,955	-
Compensated absences	102,757	-	(5,909)*	96,848	5,000
Totals	$ 73,884,902	$ -	$ (2,638,635)	$ 71,246,267	$ 2,954,901

*The change in the compensated absences liability is presented as a net change.

Notes payable

Water Fund - The City entered into a $28,558,845 note agreement with the Colorado Water Resources and Power Development Authority (the Authority) dated March 1, 2011, due in semi-annual installments ranging from $275,515 to $931,388 through 2032. The agreement provides for the disbursement of funds at the City's request to facilitate the construction of a 9.6 MGD water treatment plant, pumping facilities, raw water piping to convey raw water to the new treatment plant, finish water piping to convey potable water from the plant to the City's distribution system, and piping to convey concentrate from the plant to a deep injection well.

The loan agreement contains various covenants including the establishment and maintenance of an operations and maintenance reserve fund in an amount equal to three months of operation and maintenance expenses as set forth in the annual budget for the current fiscal year. Based on the current annual budget, three months of operations and maintenance expenses totaled $1,737,622 (limited to $1,250,000 as set forth in the loan

Note F – Long-term debt (Continued)

agreement), which the City has funded with unobligated fund balances. The City must establish, impose and collect, rents, rates and other charges for the products and services provided by the system, which shall be at least sufficient, together with other amounts available therefore, and after meeting the operations and maintenance expenses of the system, to pay 110% of debt service coming due in such calendar year. The net operating revenues of the Water Fund were 185% of the current year's debt service.

Sewer Fund - The City entered into a $33,466,640 note agreement with the Colorado Water Resources and Power Development Authority (the Authority) dated November 18, 2020, due in semi-annual installments ranging from $338,421 to $703,223 through 2050. The agreement provides for the disbursement of funds at the City's request to facilitate the expansion and improvements of the existing wastewater treatment facility including improvements and upgrades to the headworks facilities, influent pump station and force main, equalization basin, biological treatment processes, secondary clarifiers, process pumping system, and process control facilities.

Sewer Fund - The City entered into a $26,000,000 note agreement with the Colorado Water Resources and Power Development Authority (the Authority) dated August 1, 2023, due in semi-annual installments ranging from $415,395 to $1,947,500 through 2055. The agreement provides for the disbursement of funds at the City's request to facilitate the expansion and improvements of the existing wastewater treatment facility including improvements and upgrades to the headworks facilities, influent pump station and force main, equalization basin, biological treatment processes, secondary clarifiers, process pumping system, disinfection system, and process control facilities.

Sewer Fund - The City entered into a $3,000,000 note agreement with the Colorado Water Resources and Power Development Authority (the Authority) dated November 7, 2023, due in semi-annual installments of $62,259 through 2053. The agreement provides for the disbursement of funds at the City's request to facilitate the expansion and improvements of the existing wastewater treatment facility including improvements and upgrades to the headworks facilities, influent pump station and force main, equalization basin, biological treatment processes, secondary clarifiers, process pumping system, disinfection system, and process control facilities.

Sewer Fund - The City entered into a $1,500,000 note agreement with the Colorado Water Resources and Power Development Authority (the Authority) dated November 7, 2023, due in semi-annual installments of $39,303 through 2053. The agreement provides for the disbursement of funds at the City's request to facilitate the expansion and improvements of the existing wastewater treatment facility including improvements and upgrades to the headworks facilities, influent pump station and force main, equalization basin, biological treatment processes, secondary clarifiers, process pumping system, disinfection system, and process control facilities.

Note F – Long-term debt (Continued)

The loan agreements contain various covenants including the establishment and maintenance of an operations and maintenance reserve fund in an amount equal to three months of operation and maintenance expenses as set forth in the annual budget for the current fiscal year. Based on the current annual budget, three months of operations and maintenance expenses totaled $1,277,136 (limited to $1,250,000 as set forth in the loan agreement), which the City has funded with unobligated fund balances. The City must establish, impose and collect, rents, rates and other charges for the products and services provided by the system, which shall be at least sufficient, together with other amounts available therefore, and after meeting the operations and maintenance expenses of the system, to pay 110% of debt service coming due in such calendar year. The net operating revenues of the Sewer Fund were 126% of the current year's debt service.

The City's outstanding notes from direct borrowings related to business-type activities are secured with collateral from the net revenue from operations and use of the system as defined in the loan agreements. The outstanding notes contain a provision that in an event of default as defined in the loan agreements, the Authority shall have the right to direct the Trustee to take any action permitted or required pursuant to the loan agreements and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the performance and observance of any duty, covenant, obligation or agreement of the City hereunder, including, without limitation, to obtain ex parte the appointment of a receiver of the system.

The following schedule represents the City's debt service requirements to maturity for the outstanding long-term debt in its Business-Type Activities at year-end:

	Notes from Direct Borrowings	
Year ended December 31,	Principal	Interest
2026	$ 2,949,901	$ 2,124,306
2027	3,004,285	2,063,273
2028	3,058,722	2,007,788
2029	3,103,269	1,966,872
2030	3,211,577	1,862,057
2031-2035	12,074,145	7,952,276
2036-2040	9,590,835	6,872,841
2041-2045	11,042,672	5,422,846
2046-2050	12,974,148	3,488,923
2051-2054	9,226,910	1,360,465
Totals	$ 70,236,464	$ 35,121,647

Note G – Risk management

Employee Benefits Fund

Employee health and dental program – The City changed its health and dental program from a partially self-funded plan to a fully funded plan through County Health Pool. Current provisions of the plan provide benefits subject to a deductible ranging from $0 - $1,000, with an annual maximum out-of-pocket expense ranging from $2,000 to $2,500 per individual, and $5,000 to $6,000 per family. Employees are required to pay 10% of the Plan B premium, with the City paying the remaining 90%. If the employee chooses Plan A coverage, they will pay the 10% of the Plan B cost, as well as any additional costs of the premium for Plan A.

Life – All eligible employees receive life insurance coverage with a policy face value of $20,000. All spouses are covered for $2,000 and dependents are covered for $1,000. This coverage is purchased through an outside insurance carrier.

Employee disability programs – The City has established a program which provides covered employees with disability benefits. The City contributes, on behalf of its employees who work a minimum of thirty (30) hours per week, sufficient amounts to provide for both short-term and long-term disability benefits as defined by the plan. Contributions are determined annually, and were initially established at $.32 per $10 of earnings for short-term disability coverage, and .81% of total covered payroll per month for long-term disability coverage.

Short-term disability – Current provisions of this plan provide for disability payments of 70% of weekly earnings up to a maximum of $900 per week, less any amounts the employee receives, or is entitled to receive, under any state compulsory benefit act or law.

Long-term disability – Current provisions of this plan provide for disability payments of 60% of basic monthly earnings, not to exceed the maximum monthly benefit of $3,500, less other income benefits. The maximum benefit period for employees who had not reached the age of 60 at the date of disability runs through age 65, with benefit periods ranging from sixty (60) months at age 60 to twelve (12) months for individuals age 69 and over.

Risk Management Fund

During 1990, The City joined the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool that provides member municipalities defined liability and property as well as workers compensation coverages through self-insurance, insurance, re-insurance or any combination thereof, and to assist members in loss prevention measures. The City pays an annual contribution to CIRSA for its insurance coverage. For the year, the City's financial contribution to CIRSA was $1,174,282. CIRSA was organized to be self-sustaining through member contributions with excess coverages being purchased from commercial companies.

Note G – Risk management (Continued)

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1990, the City established a Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss which amount to $1,000 for property and liability claims. Under this program, the fund provides coverage up to $150,000 per person and $600,000 per occurrence for each property or general liability claim. All departments of the City participate in the program and make payments to the Risk Management Fund based on a historical cost basis of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophe losses. The City does not believe any accrued liability in excess of insurance limits is warranted at year-end based upon previous history of insurance claims. Settled claims resulting from any of the above risks have not exceeded the insurance coverages provided in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note H – Pension plans

The City is covered under five separate pension plans. In addition, employees may also make voluntary contributions to the deferred compensation plan discussed in Note I. The City's General Fund has been used in prior years to liquidate any net pension obligation. The assets under these plans are not considered property of the City and are held by a third party administrator for the exclusive benefit of the plan participants and their beneficiaries. The City has little administrative involvement and does not perform the investing functions for the plans. Therefore, these assets are not included as part of the financial statements of the City.

Below is a summary of the deferred inflows/outflows, net pension assets and liabilities, and pension expense for the defined benefit plans.

	Deferred Outflows	Deferred Inflows	Net Pension Liability	Net Pension Asset	Pension Expense
SRP – Police	$ 761,177	$ 41,976	$ -	$ -	$ 310,925
SRP – Fire	738,131	42,442	-	-	283,862
Volunteer – Fire	20,439	-	-	32,132	4,998
Old Hire - Fire	122,920	-	999,957	-	68,453
Total	$ 1,642,667	$ 84,418	$ 999,957	$ 32,132	$ 668,238

The City's five retirement plans and related disclosures are as follows:

Note H – Pension plans (Continued)

Statewide Retirement Plan – Police

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Retirement Plan and additions to/deductions from Fire & Police Statewide Retirement Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 229 participating employer fire and police departments.

The Defined Benefit Component and Social Security Component cover substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. Employers once had the option to withdraw from the Plan, but a change in state statutes eliminated this option effective January 1, 1998, unless the employer elects and is determined to be eligible to participate in the Statewide Money Purchase Plan.

In 2003, legislation was enacted that allows department who cover their firefighters and police officers in money purchase plans to elect coverage under the Plan. As of August 5, 2023, clerical and other personnel from fire districts whose services are auxiliary to fire protection may also participate in the Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Plan.

The Plan assets are in the Fire & Police Members' Benefit Investment Fund Long-Term Pool and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Money Purchase Component assets). The Long-Term Pool is designed primarily for open plans with a longer time horizon, appropriate risk tolerance, and lower liquidity needs. The investment return assumption is 7.00 percent.

Members participating in DROP or in the Money Purchase Component choose among various investment options offered by an outside investment manager.

Note H – Pension plans (Continued)

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at http://www.FPPAco.org.

Benefits provided. The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

The annual retirement benefit is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member's highest three years' base salary for each year of service thereafter.

Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to ten years plus 1.25 percent of the average of the member's highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62.

The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9 percent of the average of the member's highest three years' base salary for each year of credited service through December 31, 2022 and 1.5 percent of the average of the member's highest three years' base salary for each year of credited service after January 1, 2023.

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost of living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Note H – Pension plans (Continued)

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, an employee may elect to have member contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

Contributions. Contribution rates for the Plan are set by statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election by both the employers and members.

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2024, the total combined member and employer contribution was 22.0 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2024, the total minimum required member and employer contribution rate was 22.2 percent.

Members of the Social Security Component contribute 6.0 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through 2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 11.00 percent.

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2024, the total minimum combined member and employer contribution rate was 17.0 percent.

Note H – Pension plans (Continued)

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Corporation is set annually by the FPPA's Board of Directors. The Hybrid Defined Benefit Component contribution rate from July 1, 2024 through June 30, 2025 is 14.56 percent. The Hybrid Defined Benefit Component contribution rate from July 1, 2023 through June 30, 2024 was 14.24 percent. Contributions in excess of those necessary to fund the defined benefit are allocated to the member's self-directed account in the Money Purchase Component.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Within the Money Purchase Component, members are always fully vested in their own contribution, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service and to be 100 percent vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Contributions to the Plan from the City during the year ended December 31, 2025 were $183,231.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025 the City reported a liability of $0 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2024, the City's proportion was .1500 percent, which was an increase of .0061 percent from its proportion measured as of December 31, 2023.

Note H – Pension plans (Continued)

For the year ended December 31, 2025, the City recognized pension expense of $310,925. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 35,578	$ -
Changes in assumptions and other inputs	131,357	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	47,274	30,740
Difference between expected and actual experience	363,737	11,236
Contributions subsequent to measurement date	183,231	-
Totals	$ 761,177	$ 41,976

$183,231 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2026	$ 150,429
2027	217,295
2028	23,650
2029	26,655
2030	48,340
2031	44,573
2032	20,168
2033	4,860
Totals	$ 535,970

Note H – Pension plans (Continued)

Actuarial assumptions. The actuarial valuations for the Statewide Retirement Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ended December 31, 2024. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial valuation date	January 1, 2025	January 1, 2024
Actuarial method	Entry age normal	Entry age normal
Amortization method	N/A	Level % of payroll, open
Amortization period	N/A	30 years
Long-term investment rate of return, net*	7.0%	7.0%
Projected salary increases*	4.25% - 11.75%	4.25% - 11.75%
Cost of living adjustments (COLA)	0%	0%
* Includes inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2023 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2024. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

Note H – Pension plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	33%	7.00%
Equity Long/Short	6%	6.20%
Private Markets	34%	8.80%
Fixed Income – Rates	7%	5.00%
Fixed Income – Credit	7%	6.50%
Absolute Return	9%	5.70%
Cash	4%	4.20%
Total	100%	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Statewide Retirement Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The COLA assumption reflects the true nature of Board's Benefit Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

Note H – Pension plans (Continued)

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.08 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

Sensitivity of the City's proportionate share of the net pension liability/(asset) to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the City's proportionate share of the net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability/(asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	$ 732,227	$ -	$ -

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Payables to the pension plan

The City did not report any payables to the pension plan at year-end.

Note H – Pension plans (Continued)

Statewide Retirement Plan - Fire

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Retirement Plan and additions to/deductions from Fire & Police Statewide Retirement Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 229 participating employer fire and police departments.

The Defined Benefit Component and Social Security Component cover substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. Employers once had the option to withdraw from the Plan, but a change in state statutes eliminated this option effective January 1, 1998, unless the employer elects and is determined to be eligible to participate in the Statewide Money Purchase Plan.

In 2003, legislation was enacted that allows department who cover their firefighters and police officers in money purchase plans to elect coverage under the Plan. As of August 5, 2023, clerical and other personnel from fire districts whose services are auxiliary to fire protection may also participate in the Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Plan.

The Plan assets are in the Fire & Police Members' Benefit Investment Fund Long-Term Pool and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Money Purchase Component assets). The Long-Term Pool is designed primarily for open plans with a longer time horizon, appropriate risk tolerance, and lower liquidity needs. The investment return assumption is 7.00 percent.

Members participating in DROP or in the Money Purchase Component choose among various investment options offered by an outside investment manager.

Note H – Pension plans (Continued)

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at http://www.FPPAco.org.

Benefits provided. The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

The annual retirement benefit is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member's highest three years' base salary for each year of service thereafter.

Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to ten years plus 1.25 percent of the average of the member's highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62.

The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9 percent of the average of the member's highest three years' base salary for each year of credited service through December 31, 2022 and 1.5 percent of the average of the member's highest three years' base salary for each year of credited service after January 1, 2023.

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost of living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Note H – Pension plans (Continued)

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, an employee may elect to have member contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

Contributions. Contribution rates for the Plan are set by statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election by both the employers and members.

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2024, the total combined member and employer contribution was 22.0 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2024, the total minimum required member and employer contribution rate was 22.2 percent.

Members of the Social Security Component contribute 6.0 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through 2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 11.00 percent.

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2024, the total minimum combined member and employer contribution rate was 17.0 percent.

Note H – Pension plans (Continued)

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Corporation is set annually by the FPPA's Board of Directors. The Hybrid Defined Benefit Component contribution rate from July 1, 2024 through June 30, 2025 is 14.56 percent. The Hybrid Defined Benefit Component contribution rate from July 1, 2023 through June 30, 2024 was 14.24 percent. Contributions in excess of those necessary to fund the defined benefit are allocated to the member's self-directed account in the Money Purchase Component.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Within the Money Purchase Component, members are always fully vested in their own contribution, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service and to be 100 percent vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Contributions to the Plan from the City during the year ended December 31, 2025 were $198,468.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025 the City reported a liability of $0 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2024, the City's proportion was .1481 percent, which was an increase of .0017 percent from its proportion measured as of December 31, 2023.

Note H – Pension plans (Continued)

For the year ended December 31, 2025, the City recognized pension expense of $283,862. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 35,668	$ -
Changes in assumptions and other inputs	126,989	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	26,265	31,657
Difference between expected and actual experience	350,741	10,785
Contributions subsequent to measurement date	198,468	-
Totals	$ 738,131	$ 42,442

$198,468 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2026	$ 141,230
2027	206,072
2028	15,672
2029	20,298
2030	43,845
2031	43,106
2032	21,512
2033	5,486
Totals	$ 497,221

Note H – Pension plans (Continued)

Actuarial assumptions. The actuarial valuations for the Statewide Retirement Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ended December 31, 2024. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial valuation date	January 1, 2025	January 1, 2024
Actuarial method	Entry age normal	Entry age normal
Amortization method	N/A	Level % of payroll, open
Amortization period	N/A	30 years
Long-term investment rate of return, net*	7.0%	7.0%
Projected salary increases*	4.25% - 11.75%	4.25% - 11.75%
Cost of living adjustments (COLA)	0%	0%
* Includes inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2023 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2024. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

Note H – Pension plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	33%	7.00%
Equity Long/Short	6%	6.20%
Private Markets	34%	8.80%
Fixed Income – Rates	7%	5.00%
Fixed Income – Credit	7%	6.50%
Absolute Return	9%	5.70%
Cash	4%	4.20%
Total	100%	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Statewide Retirement Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The COLA assumption reflects the true nature of Board's Benefit Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

Note H – Pension plans (Continued)

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.08 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

Sensitivity of the City's proportionate share of the net pension liability/(asset) to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the City's proportionate share of the net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability/(asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	$ 722,730	$ -	$ -

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Payables to the pension plan

The City did not report any payables to the pension plan at year-end.

Note H – Pension plans (Continued)

Sterling Volunteer Fire Department Pension Fund

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Sterling Volunteer Fire Department Pension Fund and additions to/deductions from Sterling Volunteer Fire Department Pension Fund's net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

Plan administration. The City's defined benefit pension plan for volunteers provides retirement and disability benefits and death benefits to plan members and beneficiaries. The plan is affiliated with the Fire and Police Member's Benefit Fund, an agent multiple-employer pension plan administered by the Fire and Police Pension Association (FPPA) of Colorado. Title 31, Article 30 of the Colorado Revised Statutes assigns the authority to establish and amend the benefit provisions of the plans that participate in FPPA to the respective member entities. The FPPA issues a publicly available financial report that includes financial statements and required supplementary information for Public Employee Retirement System (PERS) Affiliated Local Plans that can be obtained at http://www.FPPAco.org.

Management of the Sterling Volunteer Fire Department Pension Fund is vested in the local Pension Board, which consists of the City Mayor, City Clerk, two persons appointed by the governing body of the City, and three representatives of the local fire department serving the City.

Plan membership. At December 31, 2024, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	14
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	-
Total	17

Note H – Pension plans (Continued)

Benefits provided. The plan provides retirement and death benefits. Any firefighter who has both reached the age of 50 and completed 20 years of active service shall be eligible for a monthly pension (currently $300 per month). Vesting for reduced monthly pension benefits begins at 10 years of service, with full pension after 20 years. The plan also provides for a long-term disability for line of duty injury lifetime benefit of $300, survivor benefits (currently $150 per month) and a lump-sum funeral benefit of $500 upon the death of an active or retired firefighter

Contributions. Contribution requirements of the plan are established under Title 31, Article 30 of the Colorado Revised Statutes. The plan is noncontributory regarding participants. Contributions to the plan for the year ended December 31, 2025 included $12,493 from the State of Colorado matching funds and $13,881 from the City.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025 the City reported a net pension asset of $32,132. The net pension asset was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2025.

For the year ended December 31, 2025, the City recognized pension expense of $4,998. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 6,558	$ -
Contributions subsequent to measurement date	13,881	-
Totals	$ 20,439	$ -

$13,881 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Note H – Pension plans (Continued)

Year Ended December 31,	Amount
2026	$ 3,464
2027	10,539
2028	(4,872)
2029	(2,573)
Totals	$ 6,558

Actuarial assumptions. The total pension liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open*
Remaining amortization period	20 years*
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	N/A
Investment rate of return	7.00%
Retirement age	50% per year of eligibility until 100% at age 65.
Mortality	**Pre-retirement**: Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale, 60% multiplier for off-duty mortality. **Post-retirement**: Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale. **Disabled**: Pub-2010 Public Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, set forward five years projected with the MP-2020 Ultimate projection scale, with minimum probability of 3.5% for males and 2.5% for females.

* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

Note H – Pension plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Liquidity	4.0%	4.2%
Fixed Income - Rates	7.0%	5.0%
Fixed Income – Credit	7.0%	6.5%
Diversifiers	9.0%	5.7%
Long Short	6.0%	6.2%
Global Public Equity	33.0%	7.0%
Private Markets	34.0%	8.8%
Total	100.00%	

The discount rate used to measure the total pension liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's fiduciary net position is not sufficient to pay benefits).

Note H – Pension plans (Continued)

For purposes of this valuation, the long-term expected rate of return on pension plan investments is 6.00%; the municipal bond rate is 4.08% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 6.00%.

Changes in the net pension liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at beginning of year	$ 460,117	$ 471,869	$ (11,752)
Changes for the year			
Service cost	-	-	-
Interest on total pension liability	30,876	-	30,876
Benefit changes	-	-	-
Difference between expected and actual experience	(15,553)	-	(15,553)
Changes of assumptions	43,202	-	43,202
Contributions – employer	-	13,881	(13,881)
Contributions – state of Colorado	-	24,986	(24,986)
Net investment income	-	45,709	(45,709)
Benefit and refund payments	(38,720)	(38,720)	-
Administrative expenses	-	(5,671)	5,671
Net changes	19,805	40,185	(20,380)
Balances at end of year	$ 479,922	$ 512,054	$ (32,132)

Sensitivity of the City's net pension liability/(asset) to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 6.00%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (5.00%)	Current Discount (6.00)	1% Increase (7.00)
Net pension liability (asset)	$ 19,482	$ (32,132)	$ (75,334)

Note H – Pension plans (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Sterling Volunteer Fire Department Pension Fund financial report.

Payables to the pension plan

The City did not report any payables to the pension plan at year-end.

City of Sterling Old Hire Fire Pension Fund

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Sterling Old Hire Fire Pension Fund and additions to/deductions from City of Sterling Old Hire Fire Pension Fund's net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General information about the pension plan

Plan administration. The City contributes to the Fire Old Hire Pension Plan which is an affiliated local plan of the Public Employees Retirement System (PERS), an agent multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association (FPPA) of Colorado. The pension plan provides retirement benefits, postretirement death and disability benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Currently the plan's membership consists of four retired members. The City has elected to affiliate with FPPA to manage the pension plan's assets for plan administration and investment purposes only. The FPPA Board of Directors is responsible for formulating official rules and regulations to implement state statutes governing fire and police pensions. These statutes may be found in Title 31, Article 30.5 of the *Colorado Revised Statutes (CRS)*, as amended. The FPPA issues a publicly available financial report that includes financial statements and required supplementary information for Public Employee Retirement System (PERS) Affiliated Local Plans that can be obtained at http://www.FPPAco.org.

Note H – Pension plans (Continued)

Plan membership. At December 31, 2024, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	-
Total	3

Benefits provided. The plan provides normal retirement and certain post-retirement death and disability benefits. Any firefighter who has both reached the age of 55 and completed 20 years of active service or, upon completing 25 years of active service, if earlier, shall be eligible for a monthly pension benefit equal to one-half of the average monthly salary received one year before retirement. The plan also provides a post-retirement death and disability benefit to the surviving spouse of a deceased retired firefighter in the amount of one-half of the monthly pension the officer was entitled to receive prior to death.

Contributions. The authority for establishing and amending the plan's funding policy is governed by Title 31, Article 30.5 of the *CRS*, as amended. The City contributed $79,006 to the plan in accordance with actuarially determined requirements based on the January 1, 2025 valuation. No contributions are required of plan members.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025 the City reported a net pension liability of $999,957. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024.

For the year ended December 31, 2025, the City recognized pension expense of $68,453. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 43,914	$ -
Contributions subsequent to measurement date	79,006	-
Totals	$ 122,920	$ -

Note H – Pension plans (Continued)

$79,006 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2026	$ 24,349
2027	18,932
2028	(669)
2029	1,302
Totals	$ 43,914

Actuarial assumptions. The total pension liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	N/A
Investment rate of return	4.50%
Retirement age	Any remaining actives are assumed to retire immediately.
Mortality	**Post-retirement**: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. **Disabled (pre-1980)**: Post-retirement rates set forward three years.

* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

Note H – Pension plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	10.0%	5.5%
Fixed Income - Rates	70.0%	5.4%
Fixed Income - Credit	10.0%	5.9%
Diversifiers	0.0%	7.4%
Long Short	0.0%	7.0%
Global Public Equity	10.0%	8.3%
Private Markets	0.0%	10.2%
Total	100.00%	

The discount rate used to measure the total pension liability was 4.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's fiduciary net position is not sufficient to pay benefits).

Note H – Pension plans (Continued)

For purposes of this valuation, the long-term expected rate of return on pension plan investments is 4.50%; the municipal bond rate is 4.08% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 4.50%.

Changes in the net pension liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (a)-(b)
Balances at beginning of year	$ 1,513,668	$ 491,456	$ 1,022,212
Changes for the year			
Service cost	-	-	-
Interest on the total pension liability	65,396	-	65,396
Benefit changes	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – employer	-	76,696	(76,696)
Net investment income	-	14,518	(14,518)
Benefit payments	(122,190)	(122,190)	-
Administrative expenses	-	(3,563)	3,563
Net changes	(56,794)	(34,539)	(22,255)
Balances at end of year	$ 1,456,874	$ 456,917	$ 999,957

Sensitivity of the City's net pension liability/(asset) to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 4.50%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (3.50%)	Current Discount (4.50%)	1% Increase (5.50%)
Net pension liability	$ 1,123,179	$ 999,957	$ 892,322

Note H – Pension plans (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued City of Sterling Old Hire Fire Pension Fund financial report.

Payables to the pension plan

The City did not report any payables to the pension plan at year-end.

Defined Contribution Plan

The City contributes to the General Employees' Retirement Plan (the Plan), a defined contribution plan administered by Great West Retirement Services.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by City Council. The City's contribution is 5.37% of annual covered payroll. No contributions are required of employees. For the year, the City recognized pension expense of $297,733.

Employees are immediately vested in City contributions and earnings on those contributions.

Note I – Deferred compensation plans

The City has three deferred compensation plans created in accordance with the Internal Revenue Code Section 457. The plans are administered by independent plan administrators through administrative service agreements. The plans are available to all permanent City employees. Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship.

Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997. The City approved plan amendments such that plan assets are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose.

Note J – Stewardship, compliance and accountability

Throughout the year the city council revised the budget through ordinances by adjusting revenue budgets and appropriations in many budgeted funds. The city council appropriated the budget as provided in its home rule charter, whereby the aggregate sum of $69,188,477 was appropriated for all funds. Original and revised budgets, with corresponding actual expenditures on the budget basis of accounting are as follows:

Note J – Stewardship, compliance and accountability (Continued)

Fund	Original Budget Appropriation	Budget as Amended	Actual Expenditures	Variance – Favorable (Unfavorable)
General Fund	$ 19,648,384	$ 22,077,272	$ 20,771,558	$ 1,305,714
Water Fund	8,507,974	10,616,441	8,010,251	2,606,190
Sanitation Fund	960,841	1,713,091	1,633,347	79,744
Sewer Fund	25,149,150	26,098,499	28,165,279	(2,066,780)
Hotel Tax Fund	4,850	867,663	755,596	112,067
Sunset Memorial Gardens Fund	6,850	6,850	4,653	2,197
Perpetual Care Fund	87,340	89,340	58,444	30,896
Conservation Trust Fund	101,000	251,000	208,589	42,411
Karl Falch Library Trust Fund	2,055	7,709	5,769	1,940
Demo Fund	-	-	-	-
Employee Benefits Fund	3,607,744	3,607,744	3,336,435	271,309
Service Center Fund	960,009	960,009	894,940	65,069
Risk Management Fund	1,253,148	1,329,457	1,265,024	64,433
Capital Replacement Fund	867,990	1,201,904	1,025,319	176,585
Capital Improvement Fund	35,310	35,310	344	34,966
Total	$ 61,192,645	$ 68,862,289	$ 66,135,548	$ 2,726,741

Note K – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the City under specified voting requirements by the entire electorate. On November 5, 1996, the voters of the City approved a ballot initiative permitting the City to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of TABOR. However, the City has made certain interpretations of TABOR's language in order to determine its compliance. The City has restricted funds in the Risk Management Fund in the amount of $585,000 for the emergency reserve.

Note K – Commitments and contingencies (Continued)

Federal and state funding

The City receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures related to other grant programs which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Contingent liabilities

The City is a defendant in various threatened or pending legal action for property damages and other miscellaneous claims. The ultimate liability that might result from the financial resolution of these matters is not presently determinable. Adequate insurance is carried to cover actual damages in most cases. Management and legal counsel are of the opinion that the final outcome of the claims will not have a material adverse effect on the City's financial statements.

Note L – Deficit fund balance

The Demo Fund reported a deficit fund balance of $45,000 at year-end. The City intends to recover these costs through collection of nuisance fines in the ensuing years.

Note M – Error Correction

Errors were made in reporting grants receivable and the related grant revenues in the Water and Sewer Funds at December 31, 2024, leading to a restatement of beginning net position as follows:

	Water Fund	Sewer Fund	Business-Type Activities
Net position at beginning of year, as originally reported	$ 35,384,526	$ 24,111,320	$ 60,598,879
Error correction	296,164	(306,729)	(10,565)
Net position at beginning of year, as restated	$ 35,680,690	$ 23,804,591	$ 60,588,314

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset) – Fire & Police Statewide Defined Benefit Plan – Police
- Schedule of City Contributions – Fire & Police Statewide Defined Benefit Plan – Police
- Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset) – Fire & Police Statewide Defined Benefit Plan – Fire
- Schedule of City Contributions – Fire & Police Statewide Defined Benefit Plan – Fire
- Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios – Sterling Volunteer Fire Department Pension Fund
- Schedule of City Contributions – Sterling Volunteer Fire Department Pension Fund
- Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios – Sterling Old Hire Fire Pension Fund
- Schedule of City Contributions – Sterling Old Hire Fire Pension Fund
- Budgetary Comparison Schedule – General Fund
- Notes to Required Supplementary Information

CITY OF STERLING, COLORADO
Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset)
Fire & Police Statewide Defined Benefit Plan - Police
December 31, 2025

	2025	2024	2023	2022
City's proportion of the net pension liability/(asset)	0.1500%	0.1439%	0.1452%	0.1495%
City's proportionate share of the net pension liability/(asset)	$ -	$ -	$ 128,859	$ (810,137)
City's covered payroll	$ 1,636,100	$ 1,413,800	$ 1,263,044	$ 1,203,415
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	0.0%	0.0%	-10.2%	67.3%
Plan fiduciary net position as a a percentage of the total pension liability/(asset)	100.00%	100.00%	97.60%	116.20%

* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

2021	2020	2019	2018	2017	2016
0.1454%	0.1627%	0.1683%	0.1725%	0.1967%	0.2072%
$ (315,673)	$ (92,002)	$ 212,804	$ (248,235)	$ 71,075	$ (3,652)
$ 1,167,900	$ 1,198,950	$ 1,085,459	$ 1,009,287	$ 1,006,672	$ 1,004,303
27.0%	7.7%	-19.6%	24.6%	7.1%	0.4%
106.70%	101.90%	95.20%	106.30%	98.21%	100.10%

CITY OF STERLING, COLORADO
Schedule of City Contributions
Fire & Police Statewide Defined Benefit Plan - Police
December 31, 2025

	2025	2024	2023	2022
Contractually required contribution	$ 183,231	$ 163,610	$ 134,311	$ 113,674
Contributions in relation to the contractually required contribution	(183,231)	(163,610)	(134,311)	(113,674)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,745,057	$ 1,636,100	$ 1,413,800	$ 1,263,044
Contributions as a percentage of covered payroll	10.50%	10.00%	9.50%	9.00%

2021	2020	2019	2018	2017	2016
$ 102,291	$ 93,432	$ 95,916	$ 86,836	$ 80,742	$ 80,534
(102,291)	(93,432)	(95,916)	(86,836)	(80,742)	(80,534)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,203,415	$ 1,167,900	$ 1,198,950	$ 1,085,459	$ 1,009,287	$ 1,006,672
8.50%	8.00%	8.00%	8.00%	8.00%	8.00%

CITY OF STERLING, COLORADO
Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset)
Fire & Police Statewide Defined Benefit Plan - Fire
December 31, 2025

	2025	2024	2023	2022
City's proportion of the net pension liability/(asset)	0.1481%	0.1464%	0.1438%	0.1435%
City's proportionate share of the net pension liability/(asset)	$ -	$ -	$ 127,603	$ (777,604)
City's covered payroll	$ 1,614,880	$ 1,438,579	$ 1,250,733	$ 1,155,106
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	0.0%	0.0%	10.2%	-67.3%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	100.00%	100.00%	97.60%	116.20%

* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

2021	2020	2019	2018	2017	2016
0.1332%	0.1395%	0.1557%	0.1589%	0.1731%	0.1723%
$ (289,113)	$ (78,891)	$ 196,874	$ (228,623)	$ 62,539	$ (3,037)
$ 1,069,688	$ 1,028,100	$ 1,006,405	$ 929,538	$ 885,777	$ 835,267
-27.0%	-7.7%	19.6%	24.6%	7.1%	0.4%
106.70%	101.90%	95.20%	106.30%	98.21%	100.10%

CITY OF STERLING, COLORADO
Schedule of City Contributions
Fire & Police Statewide Defined Benefit Plan - Fire
December 31, 2025

	2025	2024	2023	2022
Contractually required contribution	$ 198,468	$ 161,488	$ 136,665	$ 112,566
Contributions in relation to the contractually required contribution	(198,468)	(161,488)	(136,665)	(112,566)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 1,890,171	$ 1,614,880	$ 1,438,579	$ 1,250,733
Contributions as a percentage of covered payroll	10.50%	10.00%	9.50%	9.00%

2021	2020	2019	2018	2017	2016
$ 98,184	$ 85,575	$ 82,248	$ 80,511	$ 74,363	$ 70,863
(98,184)	(85,575)	(82,248)	(80,511)	(74,363)	(70,863)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,155,106	$ 1,069,688	$ 1,028,100	$ 1,006,405	$ 929,538	$ 885,777
8.50%	8.00%	8.00%	8.00%	8.00%	8.00%

CITY OF STERLING, COLORADO
Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios
Sterling Volunteer Fire Department Pension Fund
Last 10 Fiscal Years

	2025	2024	2023	2022
Total pension liability				
Service cost	$ -	$ -	$ -	$ -
Interest on the total pension liability	30,876	31,412	31,056	31,603
Differences between expected and actual experience	(15,553)	-	8,647	-
Changes of assumptions	43,202	-	4,809	-
Benefit payments	(38,720)	(39,420)	(39,420)	(39,420)
Net change in total pension liability	19,805	(8,008)	5,092	(7,817)
Total pension liability - beginning	460,117	468,125	463,033	470,850
Total pension liability - ending (a)	$ 479,922	$ 460,117	$ 468,125	$ 463,033
Plan fiduciary net position				
Contributions - employer	$ 13,881	$ 13,881	$ 13,881	$ 13,404
Net investment income	45,709	42,679	(41,210)	67,477
Benefit payments	(38,720)	(39,420)	(39,420)	(39,420)
Pension plan administrative expenses	(5,671)	(6,752)	(4,934)	(5,149)
State of Colorado supplemental discretionary payment	24,986	-	12,064	21,728
Net change in plan fiduciary net position	40,185	10,388	(59,619)	58,040
Plan fiduciary net position - beginning	471,869	461,481	521,100	463,060
Plan fiduciary net position - ending (b)	$ 512,054	$ 471,869	$ 461,481	$ 521,100
City's net pension liability/(asset) - ending (a) - (b)	$ (32,132)	$ (11,752)	$ 6,644	$ (58,067)
Plan fiduciary net position as a percentage of the total pension liability	106.70%	102.55%	98.58%	112.54%
Covered payroll	N/A	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

2021	2020	2019	2018	2017	2016
$ 1,524	$ 1,524	$ 2,822	$ 2,822	$ 5,046	$ 5,046
33,791	34,123	35,229	35,503	36,043	36,448
	-				
(26,350)	-	(38)	-	(14,390)	-
-	-	21,620	-	11,855	-
(39,523)	(41,220)	(41,220)	(42,720)	(46,520)	(47,270)
(30,558)	(5,573)	18,413	(4,395)	(7,966)	(5,776)
501,408	506,981	488,568	492,963	500,929	506,705
$ 470,850	$ 501,408	$ 506,981	$ 488,568	$ 492,963	$ 500,929
$ 13,404	$ 10,738	$ 13,881	$ 13,881	$ 13,881	$ 16,696
53,904	56,262	(23)	55,262	19,972	7,273
(39,523)	(41,220)	(41,220)	(42,720)	(46,520)	(47,270)
(4,708)	(5,765)	(5,593)	(6,175)	(877)	(2,992)
-	12,493	12,493	12,493	15,026	11,251
23,077	32,508	(20,462)	32,741	1,482	(15,042)
439,983	407,475	427,937	395,196	393,714	408,756
$ 463,060	$ 439,983	$ 407,475	$ 427,937	$ 395,196	$ 393,714
$ 7,790	$ 61,425	$ 99,506	$ 60,631	$ 97,767	$ 107,215
98.35%	87.75%	80.37%	87.59%	80.17%	78.60%
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

CITY OF STERLING, COLORADO
Schedule of City Contributions
Sterling Volunteer Fire Department Pension Fund
Last 10 Fiscal Years

Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2025	$ 1,466	$ 26,374	$ (24,908)	N/A	N/A
2024	1,466	38,867	(37,401)	N/A	N/A
2023	6,369	13,881	(7,512)	N/A	N/A
2022	6,369	25,945	(19,576)	N/A	N/A
2021	13,404	35,132	(21,728)	N/A	N/A
2020	13,404	13,404	-	N/A	N/A
2019	10,738	23,231	(12,493)	N/A	N/A
2018	10,738	26,374	(15,636)	N/A	N/A
2017	13,881	26,374	(12,493)	N/A	N/A
2016	13,881	28,907	(15,026)	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment.

This page intentionally left blank.

CITY OF STERLING, COLORADO
Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios
Sterling Old Hire Fire Pension Fund
Last 10 Fiscal Years

	2025	2024	2023	2022
Total pension liability				
Service cost	$ -	$ -	$ -	$ -
Interest on the total pension liability	65,396	68,501	70,843	70,417
Differences between expected and actual experience	-	5,751	-	61,723
Changes of assumptions	-	(21,557)	-	-
Benefit payments	(122,190)	(121,231)	(124,495)	(120,869)
Net change in total pension liability	(56,794)	(68,536)	(53,652)	11,271
Total pension liability - beginning	1,513,668	1,582,204	1,635,856	1,624,585
Total pension liability - ending (a)	$ 1,456,874	$ 1,513,668	$ 1,582,204	$ 1,635,856
Plan fiduciary net position				
Contributions - employer	$ 76,696	$ 76,696	$ 75,480	$ 75,480
Net investment income	14,518	31,605	(70,871)	2,203
Benefit payments	(122,190)	(121,231)	(124,495)	(120,869)
Pension plan administrative expenses	(3,563)	(1,795)	(3,074)	(1,445)
Net change in plan fiduciary net position	(34,539)	(14,725)	(122,960)	(44,631)
Plan fiduciary net position - beginning	491,456	506,181	629,141	673,772
Plan fiduciary net position - ending (b)	$ 456,917	$ 491,456	$ 506,181	$ 629,141
City's net pension liability/(asset) - ending (a) - (b)	$ 999,957	$ 1,022,212	$ 1,076,023	$ 1,006,715
Plan fiduciary net position as a percentage of the total pension liability	31.36%	32.47%	31.99%	38.46%
Covered payroll	N/A	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

2021	2020	2019	2018	2017	2016
$ -	$ -	$ -	$ -	$ -	$ -
72,513	96,274	97,872	96,318	97,555	90,203
-	(18,715)	-	41,871	-	37,048
-	368,843	-	-	-	81,512
(117,348)	(119,114)	(119,240)	(115,767)	(112,395)	(109,122)
(44,835)	327,288	(21,368)	22,422	(14,840)	99,641
1,669,420	1,342,132	1,363,500	1,341,078	1,355,918	1,256,277
$ 1,624,585	$ 1,669,420	$ 1,342,132	$ 1,363,500	$ 1,341,078	$ 1,355,918
$ 75,480	$ 75,480	$ 64,508	$ 64,508	$ 50,937	$ 50,937
48,318	74,150	(720)	91,074	34,135	13,088
(117,348)	(119,114)	(119,240)	(115,767)	(112,395)	(109,122)
(2,723)	(1,794)	(3,616)	(1,253)	(2,915)	(1,360)
3,727	28,722	(59,068)	38,562	(30,238)	(46,457)
670,045	641,323	700,391	661,829	692,067	738,524
$ 673,772	$ 670,045	$ 641,323	$ 700,391	$ 661,829	$ 692,067
$ 950,813	$ 999,375	$ 700,809	$ 663,109	$ 679,249	$ 663,851
41.47%	40.14%	47.78%	51.37%	49.35%	51.04%
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

CITY OF STERLING, COLORADO
Schedule of City Contributions
Sterling Old Hire Fire Pension Fund
Last 10 Fiscal Years

Year Ended December 31,	Actuarially Determined Contribution *	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2025	$ 79,006	$ 79,006	$ -	N/A	N/A
2024	76,696	76,696	-	N/A	N/A
2023	76,696	76,696	-	N/A	N/A
2022	75,480	75,480	-	N/A	N/A
2021	75,480	75,480	-	N/A	N/A
2020	75,480	75,480	-	N/A	N/A
2019	75,480	75,480	-	N/A	N/A
2018	64,508	64,508	-	N/A	N/A
2017	64,508	64,508	-	N/A	N/A
2016	50,937	50,937	-	N/A	N/A

* Actuarially determined contribution is net of employee contributions. Actual contribution is from the employer only and does not include employee amounts.

CITY OF STERLING, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	$ 13,673,897	$ 13,673,897	$ 12,802,513	$ (871,384)
Licenses and permits	307,325	307,325	316,381	9,056
Intergovernmental	3,139,670	3,790,040	3,284,162	(505,878)
Charges for services	333,850	333,850	384,174	50,324
Fines and forfeitures	74,500	74,500	50,509	(23,991)
Earnings on investments	460,000	460,000	196,644	(263,356)
Miscellaneous	1,612,653	1,659,791	1,736,090	76,299
Total revenues	19,601,895	20,299,403	18,770,473	(1,528,930)
Expenditures				
Current				
General government	3,786,401	4,149,258	3,835,376	313,882
Public safety	8,358,916	9,320,772	9,123,633	197,139
Public works	3,784,938	4,551,530	3,921,102	630,428
Health and welfare	245,904	300,904	294,945	5,959
Culture and recreation	3,472,225	3,754,808	3,596,502	158,306
Total expenditures	19,648,384	22,077,272	20,771,558	1,305,714
Excess of revenues over (under) expenditures	(46,489)	(1,777,869)	(2,001,085)	(223,216)
Other financing sources				
Transfers in	18,500	18,500	4,553	(13,947)
Total other financing sources	18,500	18,500	4,553	(13,947)
Net change in fund balance	$ (27,989)	$ (1,759,369)	(1,996,532)	$ (237,163)
Fund balance at beginning of year			3,487,768	
Fund balance at end of year			$ 1,491,236	

Note A – Budgets and budgetary accounting

Annual budgets are established for all funds of the City, except for the pension trust funds, as required by its local charter. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except for the enterprise funds (water, sanitation and sewer) and two internal service funds (capital replacement and service center) in which capital and principal retirement expenses are treated as operating expenses and depreciation expense is not budgeted.

An appropriated budget for the entity as a whole is prepared on a detailed basis. Revenues are budgeted by source. Expenditures are budgeted by department and the major divisions thereof and by each independent office and agency and by the principal objects of expenditure. The legal level of control is considered to be the entity as a whole and expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by city council. Within these control levels, management may transfer appropriations without city council approval. Revisions to the budget were made throughout the year.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before September 20th of each year, or in conformity with the general state law, the city manager submits to the city council a budget which shall be a complete financial plan for the ensuing fiscal year.

- The budget may provide an additional amount as a reserve to meet and care for expenditures to be made from such fund during the months of January to April in the year following the year for which the budget and appropriation ordinance shall apply but the amount which may be included in such reserve shall not exceed 20 percent of the total amount appropriated and authorized to be expended during the budget year.

- At the same time the budget is submitted, the city manager shall also prepare an appropriation ordinance making a levy in mills upon all taxable property within the City for the ensuing fiscal year. A public hearing on the budget shall be held by city council two weeks after its submission. Notice of the time and place of said hearing shall be published within three days after the submission of the budget.

- Prior to December 15th, or in conformity with the general state law, the city council shall adopt the budget and the tax levy ordinance.

Note A – Budgets and budgetary accounting (continued)

- Appropriations in addition to those contained in the budget shall be made only on the recommendation of the city manager and only if the director of finance certifies that there is available a cash surplus to meet such appropriations.

- Any portion of any annual appropriation remaining unexpended and unencumbered at the close of the budget year shall be declared surplus and included in the budget for the ensuing year as those appropriations lapse at year-end.

Note B – Factors affecting trends in amounts reported in the pension schedules

Information about factors that significantly affect trends in the amounts reported in the pension schedules is available in FPPA's annual comprehensive financial report which can be obtained at www.fppaco.org/annual-reports.html.

This page intentionally left blank.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- General Fund – Budgetary Comparison Schedules of Revenues and Expenditures
- Combining Statements and Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Combining Statements and Budgetary Comparison Schedules – Internal Service Funds
- Budgetary Comparison Schedule – Component Unit Fund

This page intentionally left blank.

General Fund

The General Fund accounts for all transactions of the City not required to be accounted for in other funds. This fund represents an accounting of the City's ordinary operations financed primarily from tax dollars and intergovernmental aid. It is the most significant fund in relation to the City's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

CITY OF STERLING, COLORADO
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget 890
	Original	Final	Actual	(Unfavorable)
Taxes				
General property	$ 1,570,147	$ 1,570,147	$ 1,326,359	$ (243,788)
Specific ownership	185,000	185,000	155,469	(29,531)
General sales and use	10,515,000	10,515,000	10,488,060	(26,940)
Marijuana	500,000	500,000	76,731	(423,269)
Franchise	890,000	890,000	742,144	(147,856)
Employee occupation	13,750	13,750	13,750	-
Total taxes	13,673,897	13,673,897	12,802,513	(871,384)
Licenses and permits				
Business	62,000	62,000	59,112	(2,888)
Non-business	245,325	245,325	257,269	11,944
Total licenses and permits	307,325	307,325	316,381	9,056
Intergovernmental				
Federal and state grants	150,137	657,344	482,613	(174,731)
State shared revenue	647,148	647,148	609,537	(37,611)
Road and bridge	250,000	250,000	99,979	(150,021)
Special districts	2,092,385	2,235,548	2,092,033	(143,515)
Total intergovernmental	3,139,670	3,790,040	3,284,162	(505,878)
Charges for services				
General government	4,600	4,600	5,332	732
Public safety	4,300	4,300	5,014	714
Highways and streets	60,300	60,300	100,544	40,244
Health	250	250	250	-
Cemeteries	37,500	37,500	32,090	(5,410)
Culture and recreation	210,300	210,300	220,563	10,263
Museum fees	16,600	16,600	20,381	3,781
Total charges for services	333,850	333,850	384,174	50,324

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Fines and forfeitures				
Court	68,000	68,000	41,276	(26,724)
Library	6,000	6,000	6,307	307
Highways and streets	500	500	2,926	2,426
Total fines and forfeitures	74,500	74,500	50,509	(23,991)
Earnings on investments	460,000	460,000	196,644	(263,356)
Miscellaneous				
Rents	81,000	81,000	86,162	5,162
Fuel sales	360,000	360,000	222,299	(137,701)
Contributions		510	5,384	4,874
Refunds of expenditures			3,785	3,785
Administrative cost reimbursement	1,051,853	1,051,853	1,053,162	1,309
Miscellaneous	119,800	166,428	365,298	198,870
Total miscellaneous	1,612,653	1,659,791	1,736,090	76,299
Total revenues	$ 19,601,895	$ 20,299,403	$ 18,770,473	$ (1,528,930)

CITY OF STERLING, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
General government				
City council	$ 44,545	$ 114,236	$ 74,843	$ 39,393
City manager	478,615	488,615	455,714	32,901
City attorney	287,433	317,433	303,538	13,895
Municipal court	152,261	159,454	152,601	6,853
Finance department	807,992	868,985	788,158	80,827
City hall and non-departmental	1,241,850	1,268,430	1,209,100	59,330
Information technologies	443,348	511,348	442,419	68,929
Personnel	330,357	420,757	409,003	11,754
Total general government	3,786,401	4,149,258	3,835,376	313,882
Public safety				
Armory	8,500	18,506	12,654	5,852
Police department	3,579,364	4,111,265	3,897,265	214,000
Dispatch center	1,381,616	1,381,616	1,363,314	18,302
Fire department	2,427,501	2,704,818	2,659,603	45,215
Ambulance services	961,935	1,104,567	1,190,797	(86,230)
Total public safety	8,358,916	9,320,772	9,123,633	197,139
Public works				
Street division	2,509,536	2,700,526	2,649,452	51,074
Administration	700,047	912,380	695,541	216,839
Federal project	39,000	39,000		39,000
Charging station	20,000	28,000	29,399	(1,399)
Airport	516,355	871,624	546,710	324,914
Total public works	3,784,938	4,551,530	3,921,102	630,428
Health and welfare				
Cemetery	245,904	300,904	294,945	5,959

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Culture and recreation				
Museum	388,095	415,118	412,811	2,307
Parks	693,062	877,976	768,155	109,821
Recreation center	930,745	930,745	910,172	20,573
Forestry	205,929	241,229	257,867	(16,638)
Recreation division	507,009	510,009	510,353	(344)
Library	747,385	779,731	737,144	42,587
Total culture and recreation	3,472,225	3,754,808	3,596,502	158,306
Total expenditures	$ 19,648,384	$ 22,077,272	$ 20,771,558	$ 1,305,714

This page intentionally left blank.

Combining Statements and Budgetary Comparison Schedules
Nonmajor Governmental Funds

The City reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Conservation Trust Fund – This fund was established to account for the state lottery proceeds and allowable expenditures.

- Perpetual Care Fund – This fund was established for the purpose of using revenue generated from investments and fees for operations and care of the cemetery.

- Karl Falch Library Trust Fund – This fund was established to account for resources held by the City of Sterling in a fiduciary capacity as willed by Karl Falch to be used for library purposes.

- Hotel Tax Fund – This fund was established to account for the hotel lodging tax revenues and allowable expenditures.

- Sunset Memorial Gardens Fund – This fund was established to account for resources and expenditures related to operations and care of the cemetery.

- Demo Fund – This fund is a special revenue fund established to account for the proceeds of nuisance cleanups and related expenditures.

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Capital Improvement Fund – This fund was established to account for rental and sales proceeds from City owned land, with the proceeds being used to pay for capital improvements.

CITY OF STERLING, COLORADO
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2025

	Special Revenue Funds		
	Conservation Trust Fund	Perpetual Care Fund	Karl Falch Library Fund
Assets			
Cash	$ 2	$ 11,411	$ 277
Investments	115,648	217,877	30,097
Receivables			
Total assets	$ 115,650	$ 229,288	$ 30,374
Liabilities and fund balance			
Liabilities			
Due to other funds			
Accounts payable	$ 12,290		
Unearned revenue			
Total liabilities	12,290	$ -	$ -
Fund balance			
Restricted for culture and recreation	103,360		30,374
Committed to capital improvements			
Committed to health and welfare		229,288	
Unassigned			
Total fund balance	103,360	229,288	30,374
Total liabilities and fund balance	$ 115,650	$ 229,288	$ 30,374

Special Revenue Funds			Capital Projects Fund	
Hotel Tax Fund	Sunset Memorial Gardens Fund	Demo Fund	Capital Improvement Fund	Total
$ 81,161	$ 4,067		$ 21,070	$ 117,988
1,303,467	5,511		485,898	2,158,498
13,766		$ 51,650	36	65,452
$ 1,398,394	$ 9,578	$ 51,650	$ 507,004	$ 2,341,938
		$ 45,000		$ 45,000
$ 155,890				168,180
		51,650		51,650
155,890	$ -	96,650	$ -	264,830
1,242,504				1,376,238
			507,004	507,004
	9,578			238,866
		(45,000)		(45,000)
1,242,504	9,578	(45,000)	507,004	2,077,108
$ 1,398,394	$ 9,578	$ 51,650	$ 507,004	$ 2,341,938

CITY OF STERLING, COLORADO
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2025

	Special Revenue Funds		
	Conservation Trust Fund	Perpetual Care Fund	Karl Falch Library Fund
Revenues			
Taxes			
Intergovernmental revenue	$ 155,641		
Earnings on investments	7,337	$ 10,233	$ 1,296
Charges for services			
Miscellaneous		33,485	
Total revenues	162,978	43,718	1,296
Expenditures			
Current			
General government			
Health and welfare		58,444	
Culture and recreation	208,589		5,769
Total expenditures	208,589	58,444	5,769
Excess of revenues over (under) expenditures	(45,611)	(14,726)	(4,473)
Other financing uses			
Transfers out			
Total other financing uses	-	-	-
Net change in fund balance	(45,611)	(14,726)	(4,473)
Fund balance (deficit) at beginning of year	148,971	244,014	34,847
Fund balance (deficit) at end of year	$ 103,360	$ 229,288	$ 30,374

Special Revenue Funds			Capital Projects Fund	
Hotel Tax Fund	Sunset Memorial Gardens Fund	Demo Fund	Capital Improvement Fund	Total
$ 228,195				$ 228,195
				155,641
65,135	$ 233		$ 21,778	106,012
			22,457	22,457
100,000	5,520			139,005
393,330	5,753	$ -	44,235	651,310
			344	344
	100			58,544
755,596				969,954
755,596	100	-	344	1,028,842
(362,266)	5,653	-	43,891	(377,532)
	(4,553)			(4,553)
-	(4,553)	-	-	(4,553)
(362,266)	1,100	-	43,891	(382,085)
1,604,770	8,478	(45,000)	463,113	2,459,193
$ 1,242,504	$ 9,578	$ (45,000)	$ 507,004	$ 2,077,108

CITY OF STERLING, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental revenue	$ 180,000	$ 180,000	$ 155,641	$ (24,359)
Earnings on investments	5,000	5,000	7,337	2,337
Total revenues	185,000	185,000	162,978	(22,022)
Expenditures				
Current				
Culture and recreation	101,000	251,000	208,589	42,411
Total expenditures	101,000	251,000	208,589	42,411
Net change in fund balance	$ 84,000	$ (66,000)	(45,611)	$ 20,389
Fund balance at beginning of year			148,971	
Fund balance at end of year			$ 103,360	

CITY OF STERLING, COLORADO
Perpetual Care Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Earnings on investments	$ 12,000	$ 12,000	$ 10,233	$ (1,767)
Miscellaneous	20,000	20,000	33,485	13,485
Total revenues	32,000	32,000	43,718	11,718
Expenditures				
Current				
Health and welfare	75,340	77,340	58,444	18,896
Total expenditures	75,340	77,340	58,444	18,896
Excess of revenues over (under) expenditures	(43,340)	(45,340)	(14,726)	30,614
Other financing uses				
Transfers out	(12,000)	(12,000)		12,000
Net change in fund balance	$ (55,340)	$ (57,340)	(14,726)	$ 42,614
Fund balance at beginning of year			244,014	
Fund balance at end of year			$ 229,288	

CITY OF STERLING, COLORADO
Karl Falch Library Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Earnings on investments	$ 1,800	$ 1,800	$ 1,296	$ (504)
Total revenues	1,800	1,800	1,296	(504)
Expenditures				
Current				
Culture and recreation	2,055	7,709	5,769	1,940
Total expenditures	2,055	7,709	5,769	1,940
Net change in fund balance	$ (255)	$ (5,909)	(4,473)	$ 1,436
Fund balance at beginning of year			34,847	
Fund balance at end of year			$ 30,374	

CITY OF STERLING, COLORADO
Hotel Tax Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Hotel lodging tax	$ 200,000	$ 200,000	$ 228,195	$ 28,195
Earnings on investments	80,000	80,000	65,135	(14,865)
Contributions			100,000	100,000
Total revenues	280,000	280,000	393,330	113,330
Expenditures				
Current				
Culture and recreation	4,850	867,663	755,596	112,067
Total expenditures	4,850	867,663	755,596	112,067
Net change in fund balance	$ 275,150	$ (587,663)	(362,266)	$ 1,263
Fund balance at beginning of year			1,604,770	
Fund balance at end of year			$ 1,242,504	

CITY OF STERLING, COLORADO
Sunset Memorial Gardens Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Earnings on investments	$ 300	$ 300	$ 233	$ (67)
Miscellaneous	11,500	11,500	5,520	(5,980)
Total revenues	11,800	11,800	5,753	(6,047)
Expenditures				
Current				
Health and welfare	350	350	100	250
Total expenditures	350	350	100	250
Excess of revenues over (under) expenditures	11,450	11,450	5,653	(5,797)
Other financing uses				
Transfers out	(6,500)	(6,500)	(4,553)	1,947
Net change in fund balance	$ 4,950	$ 4,950	1,100	$ (3,850)
Fund balance at beginning of year			8,478	
Fund balance at end of year			$ 9,578	

CITY OF STERLING, COLORADO
Demo Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Nuisance charges	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
Expenditures				
Current				
Public works				-
Total expenditures	-	-	-	-
Net change in fund balance	$ -	$ -	-	$ -
Fund balance (deficit) at beginning of year			(45,000)	
Fund balance (deficit) at end of year			$ (45,000)	

CITY OF STERLING, COLORADO
Capital Improvement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Earnings on investments	$ 23,000	$ 23,000	$ 21,778	$ (1,222)
Rents	22,450	22,450	22,457	7
Total revenues	45,450	45,450	44,235	(1,215)
Expenditures				
Current				
General government	35,310	35,310	344	34,966
Total expenditures	35,310	35,310	344	34,966
Net change in fund balance	$ 10,140	$ 10,140	43,891	$ 33,751
Fund balance at beginning of year			463,113	
Fund balance at end of year			$ 507,004	

Budgetary Comparison Schedules – Enterprise Funds

The City reports the following major enterprise funds:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

- Water Fund – This fund was established to account for all operations of the water utility service provided by the City.

- Sanitation Fund – This fund was established to account for all operations of the sanitation services provided by the City.

- Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the City.

CITY OF STERLING, COLORADO
Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 6,293,000	$ 6,293,000	$ 6,065,967	$ (227,033)
Miscellaneous	13,000	13,000	14,616	1,616
Total operating revenues	6,306,000	6,306,000	6,080,583	(225,417)
Operating expenses				
Personnel	1,129,864	1,129,864	1,004,801	125,063
Maintenance and supplies	3,196,370	3,311,984	2,004,282	1,307,702
Administrative cost allocation	648,935	648,935	648,935	-
Capital purchases	1,673,101	3,665,954	2,674,276	991,678
Total operating expenses	6,648,270	8,756,737	6,332,294	2,424,443
Operating loss	(342,270)	(2,450,737)	(251,711)	2,199,026
Nonoperating revenues (expenses)				
Earnings on investments	450,000	450,000	316,112	(133,888)
Rents and rights	86,389	83,389	70,796	(12,593)
Grants		799,630	446,796	(352,834)
Principal paid on notes	(1,462,784)	(1,462,784)	(1,462,784)	-
Interest and fiscal charges	(396,920)	(396,920)	(215,173)	181,747
Total nonoperating revenues (expenses)	(1,323,315)	(526,685)	(844,253)	(317,568)
Net loss before capital contributions	(1,665,585)	(2,977,422)	(1,095,964)	1,881,458

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Capital contributions	25,000	25,000	21,000	(4,000)
Change in net position	$ (1,640,585)	$ (2,952,422)	(1,074,964)	$ 1,877,458
Adjustments to GAAP Basis				
Add capital purchases			2,674,276	
Add principal paid on notes			1,462,784	
Deduct depreciation			(1,074,398)	
Change in net position - GAAP Basis			1,987,698	
Net position at beginning of year, as originally reported			35,384,526	
Error correction			296,164	
Net position at beginning of year, as restated			35,680,690	
Net position at end of year			$ 37,668,388	

CITY OF STERLING, COLORADO
Sanitation Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 866,000	$ 866,269	$ 935,883	$ 69,614
Total operating revenues	866,000	866,269	935,883	69,614
Operating expenses				
Personnel	321,555	363,555	314,034	49,521
Maintenance and supplies	512,821	1,223,071	558,367	664,704
Administrative cost allocation	126,465	126,465	126,465	-
Capital purchases			634,481	(634,481)
Total operating expenses	960,841	1,713,091	1,633,347	79,744
Operating loss	(94,841)	(846,822)	(697,464)	149,358
Nonoperating revenues				
Earnings on investments	39,000	39,000	14,571	(24,429)
Total nonoperating revenues	39,000	39,000	14,571	(24,429)
Change in net position	$ (55,841)	$ (807,822)	(682,893)	$ 124,929
Adjustments to GAAP Basis				
Add capital purchases			634,481	
Deduct depreciation			(56,371)	
Change in net position - GAAP Basis			(104,783)	
Net position at beginning of year			1,083,134	
Net position at end of year			$ 978,351	

CITY OF STERLING, COLORADO
Sewer Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 5,120,544	$ 5,120,976	$ 5,414,580	$ 293,604
Total operating revenues	5,120,544	5,120,976	5,414,580	293,604
Operating expenses				
Personnel	882,687	882,687	850,436	32,251
Maintenance and supplies	969,059	991,952	889,476	102,476
Administrative cost allocation	277,762	277,762	277,762	-
Capital purchases	20,063,500	20,989,956	23,230,192	(2,240,236)
Total operating expenses	22,193,008	23,142,357	25,247,866	(2,105,509)
Operating income (loss)	(17,072,464)	(18,021,381)	(19,833,286)	(1,811,905)
Nonoperating revenues (expenses)				
Earnings on investments	450,000	450,000	301,693	(148,307)
Principal paid on notes	(1,106,938)	(1,106,938)	(1,106,938)	-
Interest and fiscal charges	(1,849,204)	(1,849,204)	(1,810,475)	38,729
Total nonoperating revenues (expenses)	(2,506,142)	(2,506,142)	(2,615,720)	(109,578)
Net loss before capital contributions	(19,578,606)	(20,527,523)	(22,449,006)	(1,921,483)
Capital contributions	15,000	15,000	23,334	8,334
Change in net position	$ (19,563,606)	$ (20,512,523)	(22,425,672)	$ (1,913,149)
Adjustments to GAAP Basis				
Add capital purchases			23,230,192	
Add principal paid on notes			1,106,938	
Deduct depreciation and amortization			(834,557)	
Change in net position - GAAP Basis			1,076,901	
Net position at beginning of year, as originally reported			24,111,320	
Error correction			(306,729)	
Net position at beginning of year, as restated			23,804,591	
Net position at end of year			$ 24,881,492	

This page intentionally left blank.

Combining Statements and Budgetary Comparison Schedules -
Internal Service Funds

Internal Service Funds – These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

The City reports the following internal service funds:

- Capital Replacement Fund – This fund was established to account and provide for equipment for the General Fund. Each division within the General Fund will provide monies via transfers based on the current asset holdings and provide for future year purchases.

- Employee Benefits Fund – This fund was established to provide medical and life insurance benefits for City benefits.

- Risk Management Fund – This fund was established to account for and finance the City's uninsured risk of loss. The City is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. This fund provides coverage up to $150,000 per person and $600,000 per occurrence for each property or general liability claim. There are various other limits carried depending upon the circumstances. All departments of the City participate in the program and make payments to the Risk Management Fund based on historical cost basis of amounts needed and to pay prior and current year claims and to establish a reserve for that and catastrophe losses.

- Service Center Fund – This fund was established to account for warehouse services to various funds of the City.

CITY OF STERLING, COLORADO
Internal Service Funds
Combining Statement of Net Position
December 31, 2025

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Assets			
Current assets			
Cash	$ 22,733	$ 8,976	$ 23,157
Investments	63,572	364,955	972,259
Receivables		198	
Total current assets	86,305	374,129	995,416
Noncurrent assets			
Capital assets, net of accumulated depreciation	3,740,933		
Total noncurrent assets	3,740,933	-	-
Total assets	$ 3,827,238	$ 374,129	$ 995,416
Liabilities			
Current liabilities			
Accounts payable		$ 294	$ 5,557
Due to other funds			
Accrued salaries and benefits payable			
Total current liabilities	$ -	294	5,557
Long-term liabilities			
Accrued compensated absences			
Total long-term liabilities	-	-	-
Total liabilities	-	294	5,557
Net position			
Net investment in capital assets	3,740,933		
Restricted for emergencies			585,000
Unrestricted	86,305	373,835	404,859
Total net position	3,827,238	373,835	989,859
Total liabilities and net position	$ 3,827,238	$ 374,129	$ 995,416

Service Center Fund	Total
	$ 54,866
$ 126,953	1,527,739
20	218
126,973	1,582,823
1,204,774	4,945,707
1,204,774	4,945,707
$ 1,331,747	$ 6,528,530
$ 4,873	$ 10,724
2,627	2,627
25,723	25,723
33,223	39,074
48,892	48,892
48,892	48,892
82,115	87,966
1,204,774	4,945,707
	585,000
44,858	909,857
1,249,632	6,440,564
$ 1,331,747	$ 6,528,530

CITY OF STERLING, COLORADO
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2025

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Operating revenues			
Charges for services	$ 835,055	$ 3,328,282	$ 961,801
Miscellaneous			11
Total operating revenues	835,055	3,328,282	961,812
Operating expenses			
Claims			83,653
Premiums		3,331,513	1,180,761
Personnel			
Maintenance and supplies	224,365	4,922	610
Depreciation and amortization	619,802		
Total operating expenses	844,167	3,336,435	1,265,024
Operating loss	(9,112)	(8,153)	(303,212)
Nonoperating revenues			
Earnings on investments	6,106	13,741	46,963
Grants	3,600		
Insurance proceeds			72,240
Sale of assets	(23,575)		
Total nonoperating revenues	(13,869)	13,741	119,203
Change in net position	(22,981)	5,588	(184,009)
Net position at beginning of year	3,850,219	368,247	1,173,868
Net position at end of year	$ 3,827,238	$ 373,835	$ 989,859

Service Center Fund	Total
$ 670,456	$ 5,795,594
	11
670,456	5,795,605
	83,653
	4,512,274
700,359	700,359
168,021	397,918
88,072	707,874
956,452	6,402,078
(285,996)	(606,473)
8,841	75,651
	3,600
	72,240
	(23,575)
8,841	127,916
(277,155)	(478,557)
1,526,787	6,919,121
$ 1,249,632	$ 6,440,564

CITY OF STERLING, COLORADO
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2025

	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Cash flows from operating activities			
Receipts from customers	$ 835,055	$ 3,328,390	$ 1,034,052
Receipts from other funds			
Payments to providers		(3,331,496)	(1,180,761)
Payments to claimants			(87,275)
Payments to suppliers	(224,365)	(4,922)	(610)
Payments to employees			
Net cash provided (used) by operating activities	610,690	(8,028)	(234,594)
Cash flows from capital and related financing activities			
Grants	3,600		
Purchase of capital assets	(800,954)		
Proceeds from the sale of assets	900		
Net cash used by capital and related financing activities	(796,454)	-	-
Cash flows from investing activities			
Proceeds from the sale of investments	200,000		230,000
Purchase of investments		(40,000)	-
Net cash provided (used) by investing activities	200,000	(40,000)	230,000
Net change in cash and cash equivalents	14,236	(48,028)	(4,594)
Cash and cash equivalents at beginning of year	8,497	57,004	27,751
Cash and cash equivalents at end of year	$ 22,733	$ 8,976	$ 23,157

Service Center Fund	Total
$ 670,456	$ 5,867,953
2,627	2,627
	(4,512,257)
	(87,275)
(396,340)	(626,237)
(466,786)	(466,786)
(190,043)	178,025
	3,600
(26,560)	(827,514)
	900
(26,560)	(823,014)
190,000	620,000
	(40,000)
190,000	580,000
(26,603)	(64,989)
26,603	119,855
$ -	$ 54,866

(Continued)

CITY OF STERLING, COLORADO
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2025

(Continued)	Capital Replacement Fund	Employee Benefits Fund	Risk Management Fund
Reconciliation of operating loss to net cash provided (used) by operating activities			
Operating loss	$ (9,112)	$ (8,153)	$ (303,212)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation and amortization	619,802		
Insurance proceeds			72,240
Changes in operating assets and liabilities			
Accounts receivable		108	
Accounts payable		17	(3,622)
Due to other funds			
Accrued salaries and benefits payable			
Accrued compensated absences			
Net cash provided (used) by operating activities	$ 610,690	$ (8,028)	$ (234,594)

Service Center Fund	Total
$ (285,996)	$ (606,473)
88,072	707,874
	72,240
	108
(12,851)	(16,456)
2,627	2,627
5,150	5,150
12,955	12,955
$ (190,043)	$ 178,025

CITY OF STERLING, COLORADO
Capital Replacement Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 667,234	$ 667,234	$ 835,055	$ 167,821
Total operating revenues	667,234	667,234	835,055	167,821
Operating expenses				
Maintenance and supplies	935	935	935	-
Noncapital purchases			223,430	(223,430)
Capital purchases	867,055	1,200,969	800,954	400,015
Total operating expenses	867,990	1,201,904	1,025,319	176,585
Operating loss	(200,756)	(534,670)	(190,264)	344,406
Nonoperating revenues				
Earnings on investments	16,000	16,000	6,106	(9,894)
Grants	40,000	40,000	3,600	(36,400)
Sale of assets			900	900
Total nonoperating revenues	56,000	56,000	10,606	(45,394)
Change in net position	$ (144,756)	$ (478,670)	(179,658)	$ 299,012
Adjustments to GAAP Basis				
Add capital purchases			800,954	
Deduct net book value of asset sold			(24,475)	
Deduct depreciation			(619,802)	
Change in net position - GAAP Basis			(22,981)	
Net position at beginning of year			3,850,219	
Net position at end of year			$ 3,827,238	

CITY OF STERLING, COLORADO
Employee Benefits Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 3,603,594	$ 3,603,594	$ 3,328,282	$ (275,312)
Total operating revenues	3,603,594	3,603,594	3,328,282	(275,312)
Operating expenses				
Premiums	3,603,594	3,603,594	3,331,513	272,081
Maintenance and supplies	4,150	4,150	4,922	(772)
Total operating expenses	3,607,744	3,607,744	3,336,435	271,309
Operating loss	(4,150)	(4,150)	(8,153)	(4,003)
Nonoperating revenues				
Earnings on investments	15,500	15,500	13,741	(1,759)
Total nonoperating revenues	15,500	15,500	13,741	(1,759)
Change in net position	$ 11,350	$ 11,350	5,588	$ (5,762)
Net position at beginning of year			368,247	
Net position at end of year			$ 373,835	

CITY OF STERLING, COLORADO
Risk Management Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 963,583	$ 963,583	$ 961,801	$ (1,782)
Miscellaneous	3,000	3,000	11	(2,989)
Total operating revenues	966,583	966,583	961,812	(4,771)
Operating expenses				
Claims	150,000	174,274	83,653	90,621
Premiums	1,097,538	1,149,573	1,180,761	(31,188)
Maintenance and supplies	5,610	5,610	610	5,000
Total operating expenses	1,253,148	1,329,457	1,265,024	64,433
Operating loss	(286,565)	(362,874)	(303,212)	59,662
Nonoperating revenues				
Earnings on investments			46,963	46,963
Grants	45,000	45,000		(45,000)
Insurance proceeds	100,000	100,000	72,240	(27,760)
Total nonoperating revenues	145,000	145,000	119,203	(25,797)
Change in net position	$ (141,565)	$ (217,874)	(184,009)	$ 33,865
Net position at beginning of year			1,173,868	
Net position at end of year			$ 989,859	

CITY OF STERLING, COLORADO
Service Center Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 670,457	$ 670,457	$ 670,456	$ (1)
Total operating revenues	670,457	670,457	670,456	(1)
Operating expenses				
Personnel	707,190	707,190	700,359	6,831
Maintenance and supplies	213,767	213,767	168,021	45,746
Capital purchases	39,052	39,052	26,560	12,492
Total operating expenses	960,009	960,009	894,940	65,069
Operating loss	(289,552)	(289,552)	(224,484)	65,068
Nonoperating revenues				
Earnings on investments	14,000	14,000	8,841	(5,159)
Total nonoperating revenues	14,000	14,000	8,841	(5,159)
Change in net position	$ (275,552)	$ (275,552)	(215,643)	$ 59,909
Adjustments to GAAP Basis				
Add capital purchases			26,560	
Deduct depreciation			(88,072)	
Change in net position - GAAP Basis			(277,155)	
Net position at beginning of year			1,526,787	
Net position at end of year			$ 1,249,632	

This page intentionally left blank.

Budgetary Comparison Schedule
Component Unit Fund

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City has the following component unit:

- Sterling Urban Renewal Authority – The Authority was created by ordinance passed June 27, 1989 by the Council of the City of Sterling under authorization of State Statutes for the purpose of acquiring and developing or redeveloping certain areas in the City to maintain public welfare.

CITY OF STERLING, COLORADO
Component Unit - Sterling Urban Renewal Authority
Budgetary Comparison Schedule
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Tax increment financing	$ 581,806	$ 581,806	$ 529,095	$ (52,711)
Earnings on investments	229,500	229,500	177,963	(51,537)
Total revenues	811,306	811,306	707,058	(104,248)
Expenditures				
Grants and contributions	700,000	700,000	439,303	260,697
Legal and professional fees	7,500	7,500	29,364	(21,864)
County treasurer's fees	11,636	11,636	10,582	1,054
Contribution to LCEDC	22,500	22,500	22,500	-
Special improvement projects	237,000	237,000	165,160	71,840
Insurance	2,100	2,100	3,693	(1,593)
Memberships	4,000	4,000	2,800	1,200
Miscellaneous	1,500	1,500	37,362	(35,862)
Total expenditures	986,236	986,236	710,764	275,472
Net change in fund balance	$ (174,930)	$ (174,930)	(3,706)	$ 171,224
Fund balance at beginning of year			6,247,015	
Fund balance at end of year			$ 6,243,309	

Colorado Department of Highways
Local Highway Finance Report

This calendar-year report of receipts and expenditures is required by the Colorado Department of Highways to maintain Statewide accountability for moneys used for highway and street purposes. To ensure data accuracy, House Bill 1008 mandates that this report be included in the City's financial statements.

LOCAL HIGHWAY FINANCE REPORT			STATE: COLORADO
THIS INFORMATION FROM THE RECORDS OF: CITY OF STERLING	PREPARED BY: Crystal Holley	cholley@sterlingcolo.com	REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Total (1 - (2 through 4))				

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	0.00	a. Interest on investments	0.00
b. Non-property Taxes and Assessments Imposts	255,308.97	b. Other Misc. Local Receipts	18,095.75
c. Total (a + b)	$ 255,308.97	**c. Total (a + b)**	$ 18,095.75

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	453,415.44	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	0.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	0.00		
c. Total (a + b)	$ -		
4. Total (1 + 2 + 3c)	$ 453,415.44	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	0.00
b. Engineering Costs	0.00
c. Construction Costs	1,095,417.08
d. Total Capital Outlay (a+ b + c)	$ 1,095,417.08

Form FHWA-536 (Rev. 02-2025) Page2

LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO

REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Amount used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	2,700,526.00
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 255,308.97
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 18,095.75
5. Transfers from Toll Facilities	0.00
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	0.00
b. Bonds - Refunding Issues	0.00
c. Notes	0.00
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 2,973,930.72
B. Private Contributions	0.00
C. Receipts from State government (from page 1, Item II.C.4)	$ 453,415.44
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 3,427,346.16

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 1,095,417.08
2. Maintenance:	607,559.33
3. Road and Street Services:	
a. Snow and Ice Removal	44,255.22
b. Other & Traffic Control Operations	257,100.23
c. Total (a + b)	$ 301,355.45
4. General Administration & Miscellaneous	105,108.01
5. Highway Law Enforcement and Safety	452,773.84
6. Total (1 through 5)	$ 2,562,213.71
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
2. Notes:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	0.00
D. Payments to Toll Facilities	0.00
E. Total Expenditures (A6 + B3 + C + D)	$ 2,562,213.71

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	0	$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)	0	$ -	$ -	$ -

This page intentionally left blank.

STATISTICAL SECTION

The statistical section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

	Page
Financial Trends Information	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Net Position by Component	161
Changes in Net Position	162
Fund Balances of Governmental Funds	164
Changes in Fund Balances of Governmental Funds	165
Revenue Capacity Information	
These schedules contain information to help the reader assess the City's most significant local revenue source, sales tax.	
General Governmental Tax Revenues by Source	166
Property Tax Rate for Direct and Overlapping Governments	167
Assessed Value and Actual Value of Taxable Property	168
Sales Tax Rate for Direct and Overlapping Governments	169
Sales Tax Revenue by Category	170
Debt Capacity Information	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.	
Legal Debt Margin Information	171
Ratio of Outstanding Debt by Type	172
Direct and Overlapping Governmental Activities Debt	173
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Demographic Economic Statistics	174
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government and the activities it performs.	
Full-time Equivalent Employees by Function	175
Operating Indicators by Function	176
Capital Asset Statistics by Function	177

This page intentionally left blank.

City of Sterling, Colorado
Net Position by Component
Last Ten Fiscal Years
(amounts expressed in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in Capital Assets	$ 34,120	$ 34,729	$ 34,846	$ 35,188	$ 35,650	$ 35,354	$ 34,855	$ 34,592	$ 38,486	$ 38,634
Nonspendable prepaid expenses	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Emergencies	420	420	420	440	440	470	495	545	555	585
Public Safety	352	142	57	253	162	60	-	-	-	-
Culture and recreation	514	715	952	1,153	1,250	1,384	1,575	1,610	1,788	1,376
Pensions	213	155	648	-	171	605	1,646	-	12	32
Unrestricted	6,056	6,011	5,629	6,114	5,411	6,797	7,044	8,588	5,664	3,045
Total governmental activities net position	$ 41,675	$ 42,172	$ 42,552	$ 43,148	$ 43,084	$ 44,670	$ 45,615	$ 45,335	$ 46,505	$ 43,672
Business-type activities										
Net investment in Capital Assets	$ 20,146	$ 22,327	$ 24,324	$ 24,637	$ 28,230	$ 35,885	$ 35,694	$ 37,683	$ 42,688	$ 48,298
Restricted for system improvements	184	80	81	83	83	83	83	87	91	94
Unrestricted	12,362	11,235	11,426	16,136	16,477	12,317	16,917	18,580	17,820	15,044
Total business-type activities net position	$ 32,692	$ 33,642	$ 35,831	$ 40,856	$ 44,790	$ 48,285	$ 52,694	$ 56,350	$ 60,599	$ 63,436
Primary government										
Net investment in Capital Assets	$ 54,266	$ 57,056	$ 59,170	$ 59,825	$ 63,881	$ 71,239	$ 70,549	$ 72,274	$ 81,174	$ 86,932
Nonspendable prepaid expenses	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Emergencies	420	420	420	440	440	470	495	545	555	585
Public Safety	352	142	57	253	162	60	-	-	-	-
Culture and recreation	514	715	952	1,153	1,250	1,384	1,575	1,610	1,788	1,376
Pensions	213	155	648	-	171	605	1,646	-	12	32
System Improvements	184	80	81	83	82	83	83	87	91	94
Unrestricted	18,418	17,246	17,055	22,250	21,888	19,114	23,961	27,168	23,484	18,089
Total primary government net position	$ 74,367	$ 75,814	$ 78,383	$ 84,004	$ 87,874	$ 92,955	$ 98,309	$101,684	$107,104	$107,108

City of Sterling, Colorado
Changes in Net Position
Last Ten Fiscal Years
(amounts expressed in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	$ 2,833	$ 2,772	$ 2,773	$ 2,992	$ 3,113	$ 3,364	$ 3,366	$ 4,121	$ 3,987	$ 3,212
Public Safety	5,448	5,542	5,135	5,457	6,163	5,968	6,160	7,148	7,867	9,506
Public Works	2,503	2,182	2,323	2,315	2,346	2,601	2,805	3,506	3,416	4,453
Parks, Library, Recreation	3,053	3,092	3,216	3,316	3,084	3,094	3,790	3,791	261	4,881
Interest on Long-term debt	35	24	26	13	10	7	5	2	3,826	319
Total governmental activities expenses	13,872	13,612	13,473	14,093	14,716	15,034	16,126	18,568	19,357	22,371
Business-type activities:										
Water	4,241	4,403	4,328	3,935	4,116	4,073	4,271	4,636	4,762	5,004
Sanitation	464	504	576	607	693	819	763	799	879	1,071
Sewer	2,088	2,344	2,060	2,023	2,518	2,665	2,620	3,403	4,746	4,702
Total business-type activities expenses	6,793	7,251	6,964	6,565	7,327	7,557	7,654	8,838	10,387	10,777
Total primary government expenses	$ 20,665	$ 20,863	$ 20,437	$ 20,658	$ 22,043	$ 22,591	$ 23,780	$ 27,406	$ 29,744	$ 33,148
Program Revenue										
Governmental activities:										
Charge for Services - General Government	$ 198	$ 113	$ 122	$ 207	$ 234	$ 185	$ 256	$ 189	$ 255	$ 298
Charge for Services - Public Safety	76	69	51	47	49	49	46	52	46	31
Charge for Services - Public Works	216	225	246	261	239	352	377	454	437	468
Charge for Services - Parks, Library, Rec.	367	369	337	328	203	319	324	356	493	429
Operating grants	638	669	731	763	702	1,102	883	1,094	1,025	951
Capital grants	548	249	5	186	368	408	107	3	1,640	437
Total governmental activities program revenues	2,043	1,694	1,492	1,792	1,795	2,415	1,993	2,148	3,896	2,614
Business-type activities:										
Charge for Services - Water	5,130	5,372	5,829	6,340	6,378	6,220	6,371	6,005	6,252	6,066
Charge for Services - Sanitation	609	601	611	669	661	659	799	792	882	936
Charge for Services - Sewer	1,663	2,053	2,440	4,128	3,987	3,926	4,484	4,682	5,378	5,415
Operating grants	-	6	18	-	-	-	-	-	-	-
Capital grants	36	37	52	39	36	14	36	42	1,121	491
Total business-type activities program revenues	7,438	8,069	8,950	11,176	11,062	10,819	11,690	11,521	13,633	12,908
Total primary government program revenues	$ 9,481	$ 9,763	$ 10,442	$ 12,968	$ 12,857	$ 13,234	$ 13,683	$ 13,669	$ 17,529	$ 15,522

City of Sterling, Colorado
Changes in Net Position (continued)
Last Ten Fiscal Years
(amounts expressed in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (expense)/revenue										
Governmental activities	$ (11,829)	$ (11,918)	$ (11,981)	$ (12,301)	$ (12,921)	$ (12,619)	$ (14,133)	$ (16,420)	$ (15,461)	$ (19,757)
Business-type activities	645	818	1,986	4,611	3,735	3,262	4,036	2,683	3,246	2,130
Total primary government net expense	$ (11,184)	$ (11,100)	$ (9,995)	$ (7,690)	$ (9,186)	$ (9,357)	$ (10,097)	$ (13,737)	$ (12,215)	$ (17,627)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property Tax	$ 1,095	$ 1,116	$ 1,139	$ 1,149	$ 1,222	$ 1,248	$ 1,350	$ 1,361	$ 1,594	$ 1,326
Specific Ownership Tax	119	122	123	139	136	139	143	148	177	156
Sales and Use Tax	7,427	7,349	7,609	8,236	8,401	9,513	9,688	9,956	10,333	10,488
Franchise Tax	632	635	626	614	609	658	773	753	713	742
Other Taxes	158	222	236	225	182	235	233	200	232	319
Unrestricted Earnings on Investments	47	72	137	162	48	4	213	675	613	378
Miscellaneous	2,501	2,685	2,399	2,372	2,259	2,298	2,555	3,047	2,969	3,515
Sale of Assets	-	8	-	-	-	110	124	-	-	-
Transfers	96	92	92	-	-	-	-	-	-	-
Total governmental activities	$ 12,075	$ 12,301	$ 12,361	$ 12,897	$ 12,857	$ 14,205	$ 15,079	$ 16,140	$ 16,631	$ 16,924
Business-type activities:										
Unrestricted Earnings on Investments	$ 74	$ 135	$ 208	$ 266	$ 106	$ 7	$ 272	$ 877	$ 907	$ 632
Miscellaneous	96	89	86	148	94	225	102	95	97	86
Sale of Assets		-	-	-	-	-	-	-	-	-
Transfers	(96)	(92)	(92)	-	-	-	-	-	-	-
Total business-type activities	74	132	202	414	200	232	374	972	1,004	718
Total primary government	$ 12,149	$ 12,433	$ 12,563	$ 13,311	$ 13,057	$ 14,437	$ 15,453	$ 17,112	$ 17,635	$ 17,642
Changes in Net Position										
Governmental activities	$ 246	$ 383	$ 380	$ 596	$ (64)	$ 1,586	$ 946	$ (280)	$ 1,170	$ (2,833)
Business-type activities	719	950	2,188	5,025	3,935	3,494	4,410	3,655	4,250	2,848
Total primary government	$ 965	$ 1,333	$ 2,568	$ 5,621	$ 3,871	$ 5,080	$ 5,356	$ 3,375	$ 5,420	$ 15

City of Sterling, Colorado
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable - prepaid items	$ 93	$ 124	$ 103	$ 100	$ 96	$ 107	$ 168	$ 155	$ 113	$ 619
Committed to:										
Culture and recreation	127	127	127	146	136	124	125	131	127	127
Unassigned	3,144	3,118	3,551	3,878	4,172	5,800	6,455	6,484	3,248	745
Total General Fund	$ 3,364	$ 3,369	$ 3,781	$ 4,124	$ 4,404	$ 6,031	$ 6,748	$ 6,770	$ 3,488	$ 1,491
All other governmental funds										
Nonspendable - prepaid items	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for:										
Public safety	352	142	57	253	162	60	-	-	-	-
Culture and recreation	514	715	952	1,153	1,250	1,384	1,575	1,610	1,789	1,376
Committed to:										
Capital Improvement	488	509	532	226	61	181	379	417	463	507
Health & Welfare	225	223	237	231	230	237	246	249	252	239
Unassigned	-	-	-	-	-	-	-	-	(45)	(45)
Total all other governmental funds	$ 1,579	$ 1,589	$ 1,778	$ 1,863	$ 1,703	$ 1,862	$ 2,200	$ 2,276	$ 2,459	$ 2,077

City of Sterling, Colorado
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(amounts expressed in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue										
Taxes	$ 9,432	$ 9,447	$ 9,733	$10,364	$10,550	$11,793	$12,188	$12,418	$13,050	$13,031
Licenses and Permits	251	163	169	252	290	246	307	243	291	316
Intergovernmental	2,437	2,480	2,269	2,239	2,453	2,806	2,662	3,125	3,955	3,440
Charges for services	278	290	280	279	120	253	261	330	401	407
Fines and forfeitures	101	93	72	67	67	65	99	69	73	50
Earnings on investments	27	41	83	110	33	3	150	584	417	303
Miscellaneous	1,242	1,358	1,106	1,406	1,102	1,192	1,254	1,427	1,538	1,875
Total Revenue	$13,768	$13,872	$13,712	$14,717	$14,615	$16,358	$16,921	$18,196	$19,725	$19,422
Expenditures										
General Government	$ 3,036	$ 2,765	$ 2,636	$ 3,213	$ 3,339	$ 3,301	$ 3,275	$ 4,075	$ 3,819	$ 3,836
Public Safety	5,397	5,303	5,299	5,530	5,603	5,967	6,545	7,143	8,597	9,124
Public Works	3,152	2,898	2,152	2,872	2,594	2,131	2,524	3,268	6,510	3,921
Cemetery	203	235	223	237	281	252	263	226	284	353
Recreation	2,789	2,521	2,663	2,837	2,936	3,031	3,433	3,386	3,613	4,566
Capital Outlay	-	-	-	-	-	-	-	-	-	
Total Expenditures	$14,577	$13,722	$12,973	$14,689	$14,753	$14,682	$16,040	$18,098	$22,823	$21,800
Excess of revenues over (under) expenditures	$ (809)	$ 150	$ 739	$ 28	$ (138)	$ 1,676	$ 881	$ 98	$ (3,098)	$ (2,378)
Other financing sources (uses)										
Transfers in	$ 1	$ 5	$ 2	$ 480	$ 110	$ 13	$ 14	$ 14	$ 18	$ 5
Transfers out	(141)	(140)	(140)	(80)	(10)	(13)	(14)	(14)	(18)	(5)
Sale of land and buildings	-	-	-	-	158	110	173	-	-	
Total other financing sources (uses)	$ (140)	$ (135)	$ (138)	$ 400	$ 258	$ 110	$ 173	$ -	$ -	$ -
Net change in fund balances	$ (949)	$ 15	$ 601	$ 428	$ 120	$ 1,786	$ 1,054	$ 98	$ (3,098)	$ (2,378)
Debt Service as a % of Noncapital Expenditure	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

[1]The City of Sterling has no debt service in the Governmental Funds.

City of Sterling, Colorado
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Vehicle Use Tax	Building Use Tax	Franchise Tax	Hotel Tax	Other Tax	Total
2016	1,095	6,905	321	201	632	141	137	9,432
2017	1,116	7,002	285	62	635	208	139	9,447
2018	1,139	7,213	315	81	626	221	138	9,733
2019	1,149	7,713	404	119	614	210	155	10,364
2020	1,222	7,834	389	178	609	166	152	10,550
2021	1,247	8,902	466	145	658	220	155	11,793
2022	1,350	8,946	404	338	773	221	156	12,188
2023	1,361	9,402	400	154	753	200	148	12,418
2024	1,594	9,687	483	163	713	219	177	13,036
2025	1,326	9,819	502	167	742	228	155	12,939
Change 2016-2025	21%	42%	56%	-17%	17%	62%	13%	37%



City of Sterling, Colorado
Property Tax Rate
For Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City of Sterling	Overlapping Governments			
		Logan County	RE-1 Valley School District	Other	Total
2016	14.031	27.390	38.752	2.282	82.455
2017	14.033	27.385	38.693	2.274	82.385
2018	14.068	28.649	38.322	2.269	83.308
2019	14.060	29.892	37.750	2.833	84.535
2020	14.094	29.908	37.615	2.576	84.193
2021	14.044	25.881	37.475	2.649	80.049
2022	14.041	29.932	37.450	2.830	84.253
2023	14.027	17.942	31.327	2.000	65.296
2024	14.027	29.868	30.837	1.500	76.232
2025	14.027	28.888	35.399	1.000	79.314

Source: Logan County Assessor.

City of Sterling, Colorado
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts expressed in thousands)

Year	Commercial	Residential	Vacant Land	Industrial	Agriculture	Natural Resources	Gas & Oil	State Assessed
2016	42,250	64,856	2,467	15,167	60,737	263	15,022	109,583
2017	43,696	65,556	2,381	24,560	61,284	393	6,788	117,331
2018	44,662	66,879	2,575	23,435	65,848	439	5,930	125,377
2019	45,388	67,432	2,450	23,850	67,059	448	6,033	122,291
2020	47,794	76,458	2,534	25,367	62,820	430	6,104	137,093
2021	49,194	88,197	2,762	29,032	66,154	588	3,184	140,003
2022	50,624	85,951	2,696	27,263	61,765	527	5,745	141,634
2023	49,863	81,773	2,447	28,447	60,549	426	9,707	144,857
2024	50,623	81,822	2,418	29,947	60,995	435	5,998	151,232
2025	66,330	103,975	2,671	28,153	59,741	361	5,652	155,780

Source: Logan County Assessor. Information for Logan County.

City of Sterling, Colorado
Sales Tax Rate
For Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City of Sterling	Logan County	South Platte Rural Transportation Auth	State of Colorado
2016	3.00%	1.00%	0.10%	2.90%
2017	3.00%	1.00%	0.10%	2.90%
2018	3.00%	1.00%	0.10%	2.90%
2019	3.00%	1.00%	0.10%	2.90%
2020	3.00%	1.00%	0.10%	2.90%
2021	3.00%	1.00%	0.10%	2.90%
2022	3.00%	1.00%	0.10%	2.90%
2023	3.00%	1.00%	0.10%	2.90%
2024	3.00%	1.00%	0.10%	2.90%
2025	3.00%	1.00%	0.10%	2.90%

City of Sterling, Colorado
Sales Tax Revenue by Category
Last Ten Fiscal Years
(amounts expressed in thousands)

Taxpayer Category[1]	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture, Forestry & Fishing	71	50	11	11	10	13	13	12	22	36
Mining	12	1	3	2	3	4	3	2	1	4
Construction	79	64	59	54	77	75	63	96	56	81
Manufacturing	158	160	178	258	283	290	334	365	378	396
Transportation & Public Utilities	542	570	590	571	516	566	650	656	730	585
Wholesale Trade	228	968	285	389	295	305	349	450	393	405
Retail Trade	5,257	4,638	5,439	5,768	6,065	6,649	6,778	7,045	7,315	7,244
Finance, Insurance & Real Estate	8	9	9	15	12	10	9	6	5	7
Services	550	542	632	640	555	658	713	711	874	702

[1]Due to requirements under City Charter, the names of the sales taxpayers are confidential.

The categories presented provide information regarding the sources of the City's sales tax revenue.

City of Sterling, Colorado
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	$18,520	$18,627	$20,163	$20,584	$20,692	$23,186	$23,183	$23,433	$23,212	$29,029
Debt applicable to limit	564	322	430	341	249	190	129	66	-	-
Legal Debt Margin	$17,956	$18,305	$19,733	$20,243	$20,443	$22,996	$23,054	$23,367	$23,212	$29,029

Legal Debt Margin Calculation for Fiscal Year 2025

Actual valuation	$ 967,642	
Debt limit - 3% of actual valuation		$ 29,029
Amount of debt outstanding	$ 71,149	
Less deductions allowed:		
Sewer Loan	$ 59,788	
Water Loan	$ 11,361	
Total amount of debt applicable to debt limit		$ -
Legal Debt Margin		$ 29,029

Note: Per City of Sterling Charter, Section 6-8, the City of Sterling's outstanding debt should not exceed 3% of the actual valuation of taxable property within the City, but in any determination of the limitation of the City's power to incur indebtedness there shall not be included bonds issued for the acquisition or extension of a water supply, public utilities, enterprises, which do not constitute an indebtedness.

City of Sterling, Colorado
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita and population)

	Governmental Activities			Business Type Activities								
				CWRPDA Loans								
Fiscal Year	Service Center Lease	Fire Truck Lease	Air Pack Lease	Sewer Fund #1	Sewer Fund #1	Sewer Green Loan	Sewer Revolving	Water Fund	Total Outstanding Debt	Percentage of Personal Income[1]	Popluation[1]	Total Debt Per Capita
2016	$430	$0	$134	$0	$0	$0	$0	$24,081	$24,645	2.28%	14,166	$1,740
2017	$220	$0	$102	$0	$0	$0	$0	$22,751	$23,073	2.17%	13,988	$1,649
2018	$0	$361	$69	$0	$0	$0	$0	$21,402	$21,832	2.11%	13,971	$1,563
2019	$0	$306	$35	$0	$0	$0	$0	$20,035	$20,376	1.99%	13,976	$1,458
2020	$0	$249	$0	$34,286	$0	$0	$0	$18,642	$53,177	5.34%	13,790	$3,856
2021	$0	$190	$0	$33,577	$0	$0	$0	$17,234	$51,001	4.91%	13,739	$3,712
2022	$0	$129	$0	$32,649	$0	$0	$0	$15,835	$48,613	4.74%	13,867	$3,506
2023	$0	$66	$0	$31,652	$26,000	$3,000	$1,500	$14,341	$76,559	6.73%	13,466	$5,685
2024	$0	$0	$0	$30,669	$25,865	$2,919	$1,469	$12,860	$73,782	6.16%	13,114	$5,626
2025	$0	$0	$0	$29,667	$25,845	$2,838	$1,438	$11,361	$71,149	N/A[2]	13,054	$5,450

[1] See demographic economic statistics on page 174 for personal income and population data.

[2] Information for 2025 was not available at the time of the schedule preparation.

City of Sterling, Colorado
Direct and Overlapping Governmental Activities Debt
December 31, 2025
(amounts expresssed in thousands)

Governmental Unit	Debt Outstanding	Percentage Applicable	Amount Applicable
City of Sterling Direct Debt	$0	100.00%	$0
City of Sterling Overlapping Debt	$0		$0
Total	$0		$0

Source: Assessed value data used to estimate applicable percentages provided by Logan County Government. City of Sterling's Direct Debt details can be found on page 172.

City of Sterling, Colorado
Demographic Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City Population[1]	County Population[2]	Per Capita Income[2] (dollars)	Personal Income[2] (in thousands)	School Enrollment[3]	Unemployment Rate Percent[4]
2016	14,166	22,036	49,337	1,081,719	2,284	2.9%
2017	13,988	21,896	48,521	1,062,418	2,291	2.3%
2018	13,971	21,528	43,833	1,036,820	2,301	2.7%
2019	13,976	21,914	42,751	1,023,131	2,258	2.3%
2020	13,790	21,528	46,217	994,960	2,104	4.7%
2021	13,739	21,487	48,330	1,038,469	1,996	4.2%
2022	13,867	20,823	49,736	1,025,507	1,972	2.9%
2023	13,466	20,619	55,137	1,136,873	1,887	2.6%
2024	13,114	20,755	57,669	1,196,913	1,910	3.6%
2025	13,054	20,654	N/A[5]	N/A[5]	1,913	3.5%

Data sources

[1]US Census Bureau

[2]Bureau of Economic Analysis. Information for per capita income and personal income is for Logan County.

[3]Colorado Department of Education

[4]Bureau of Labor Statistics; percentage for Logan County

[5]Information for 2025 was not available at the time of the schedule preparation.

City of Sterling, Colorado
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function										
General government	15	14	15	15	14	14	17	14	15	15
Public safety										
Police										
Officers	20	22	22	21	21	20	20	20	23	21
Civilians	6	6	6	6	6	5	3	4	5	6
Fire										
Firefighters	22	22	22	22	22	21	23	22	22	24
Civilians	1	1	1	1	1	1	1	1	1	1
Dispatch	11	11	11	11	11	12	11	12	13	13
Parks, Library, Recreation	25	27	26	31	25	28	25	27	26	30
Public Works	15	15	12	14	15	15	14	13	16	15
Water	9	10	10	11	10	10	9	10	11	10
Sanitation	4	4	3	4	3	4	4	4	5	4
Sewer System										
Sewer	4	4	4	4	4	4	5	4	4	5
Wastewater	5	4	4	4	3	4	4	5	4	4
Service Center	7	6	7	7	7	7	5	7	7	7
TOTAL	144	146	143	151	142	145	141	143	152	155

The data includes all employees, exempt and non exempt.
Source : City of Sterling HR Department

City of Sterling, Colorado
Operating Indicators by Function
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Physical arrests	454	753	941	1,023	930	948	740	856	944	790
Traffic Accidents	256	250	228	264	197	184	152	212	227	290
Traffic charges	4,057	4,433	4,385	5,082	2,337	2,351	2,014	2,505	2,597	1,146
Fire										
Medical calls	1,990	2,034	2,101	2,059	2,093	2,048	2,027	2,117	2,009	2,067
Fire calls	116	118	114	90	141	133	147	93	130	110
Hazardous Calls	78	114	101	94	76	63	92	88	86	103
Public Works										
Building Permits:										
Residential	8	4	7	2	2	1	26	1	2	4
Non-residential	68	61	38	89	3	50	3	1	3	3
Construction Value:										
Residential[1]	$830	$392	$993	$187	$229	$273	$1,934	$70	$313	$153
Non-residential[1]	$2,562	$2,366	$2,087	$555	$2,820	$750	$12,458	$6,500	$2,494	$262
Parks, Library, Recreation										
Patrons using Library	42,072	36,041	65,730	72,810	26,471	39,252	47,196	45,683	44,494	47,635
Recreation Division Programs	6	6	6	9	2	9	9	8	9	11
Recreation Division Teams	266	227	114	256	73	165	197	182	179	192
Sanitation										
Compacted refuse (tons)	5,842	5,901	5,740	5,763	6,056	5,960	5,308	5,702	5,685	5,281
Loose collected (tons)	891	1,058	917	799	949	865	867	768	1,053	797
Water										
Meters Read	57,886	57,977	58,837	58,574	57,957	56,704	56,044	59,323	58,962	56,866
Services Installed	10	7	10	19	0	1	0	0	0	0

Sources: Various city departments.

[1]Information presented in thousands.

City of Sterling, Colorado
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	26	26	26	26	26	26	26	26	26	26
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Streets										
Streets (miles)	64.5	64.5	64.5	64.5	64.5	64.5	64.5	64.97	64.97	64.97
Streetlights	670	670	670	670	670	750	750	750	750	750
Culture and Recreation										
Recreation Center	1	1	1	1	1	1	1	1	1	1
Parks	17	17	17	17	17	18	18	18	18	18
Park Acreage	116	116	116	116	116	123	123	123	123	123
Open Space Acreage	n/a'	n/a'	n/a'	n/a'	n/a'	361.5	1266.97	1266.97	1266.97	1266.97
Golf Courses	1	1	1	1	1	1	1	1	1	1
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	10	9	8	8	8	8	8	8	8	8
Pickleball Courts	n/a'	n/a'	n/a'	n/a'	n/a'	2	3	3	3	3
Public Library	1	1	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1	1
Sewer System:										
Sanitary sewers (miles)	82.42	82.42	82.42	82.42	82.42	82.42	82.42	82.42	82.42	82.42
Storm sewers (miles)	34.82	34.82	34.82	34.82	34.82	34.82	34.82	34.82	34.82	34.82
Max. daily capacity (thousands of gallons)	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68	2.68
Water System:										
Water mains (miles)	97	97	97	97	97	97	97	97.51	97.51	97.51
Fire hydrants	386	389	389	389	391	392	393	397	397	397
Max. daily capacity (thousands of gallons)	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500

Sources: Various city departments.

n/a' Information not available for past ten years.

This page intentionally left blank.